



EUROPEAN NEWS

Italian MPs in no hurry to decide on secret voting

By John Wyles in Rome

THE ITALIAN Parliament has once again demonstrated its ineptitude in delivering a decision according to an established schedule...

Ankara court frees Christian evangelists

By Our Foreign Staff

TWO Britons, Mr Jaylan Lidstone, 37, and Mr John Cornelius, 23, were released by a Turkish State Security Court in Ankara last night...



Pope John Paul yesterday met Mr Turgut Ozal, Prime Minister of Turkey, whose country's laws against religious propaganda have come into international focus following

the detention of a group of evangelical Christians. Mr Ozal said after talks at the Vatican that he would welcome a second Papal visit to Turkey

Gorbachev election fails to end debate

By Quentin Peel in Moscow

THE ELECTION of Mr Mikhail Gorbachev, the Soviet leader, as president of the Supreme Soviet - the national parliament - has failed to quell a heated debate on whether Communist Party leaders should be allowed simultaneously to hold both jobs...

Scepticism greets Hungarian move to free private enterprise

By Leslie Collitt in Berlin

A NEW law on private enterprise designed by Hungary's reformist leadership to help liberalise and restructure the inefficient economy is meeting with scepticism as to how effective it will be.

A related law, likely to be passed shortly is to deal with the conditions under which state firms can be transformed into private or partly private companies.

In loss-making state companies. A study earlier this year by the Independent Finance Research Company in Budapest concluded that the economy was in such deep crisis that even radical economic liberalisation would only begin to show the desired results in five to eight years.

Bonn to urge EC to act over ozone hole

WEST GERMANY will urge the European Community to adopt measures to reduce drastically the production of chemicals that destroy the earth's protective ozone layer, Environment Minister Klaus Toepfer said yesterday.

could lead to an increase in skin cancer.

In 1987, 24 countries signed a protocol in Montreal committing them to halve CFC consumption by 1999. The West German government aims to bring in the measures to reduce CFC production and consumption announced in the Montreal Protocol much faster than scheduled through additional national measures, and to exceed them wherever possible, Mr Toepfer said in a statement.

The release marked an abrupt turnaround in the attitude of the Turkish authorities. The two men were paraded before press photographers and TV cameras on Wednesday night with Bibles as evidence of their guilt.

A single-session acquittal by a Turkish State Security Court is more or less unprecedented, apparently reflecting a response to international pressure over the case.

Though officially a secular state, Turkish officialdom has always viewed Christianity with suspicion and there has been a resurgence in Islamic feeling during the 1980s, with religious education being made compulsory.

This was the second time this year Mr Lidstone and his companions had been detained.

The law, passed this week by the Hungarian parliament, was hailed by Mr Kalmán Kulcsár, the Justice Minister, as being "highly significant" for economic, social and legal policy.

It provides for the establishment of joint stock companies, whose shares can be traded by Hungarians, and for them to be on an equal basis with state companies. Foreign ownership of entire Hungarian companies will be permitted for the first time in an East European country.

Firms which have a majority of privately-held shares will be allowed to employ up to 500 people compared with a present limit of 60. The law is to come into effect in January.

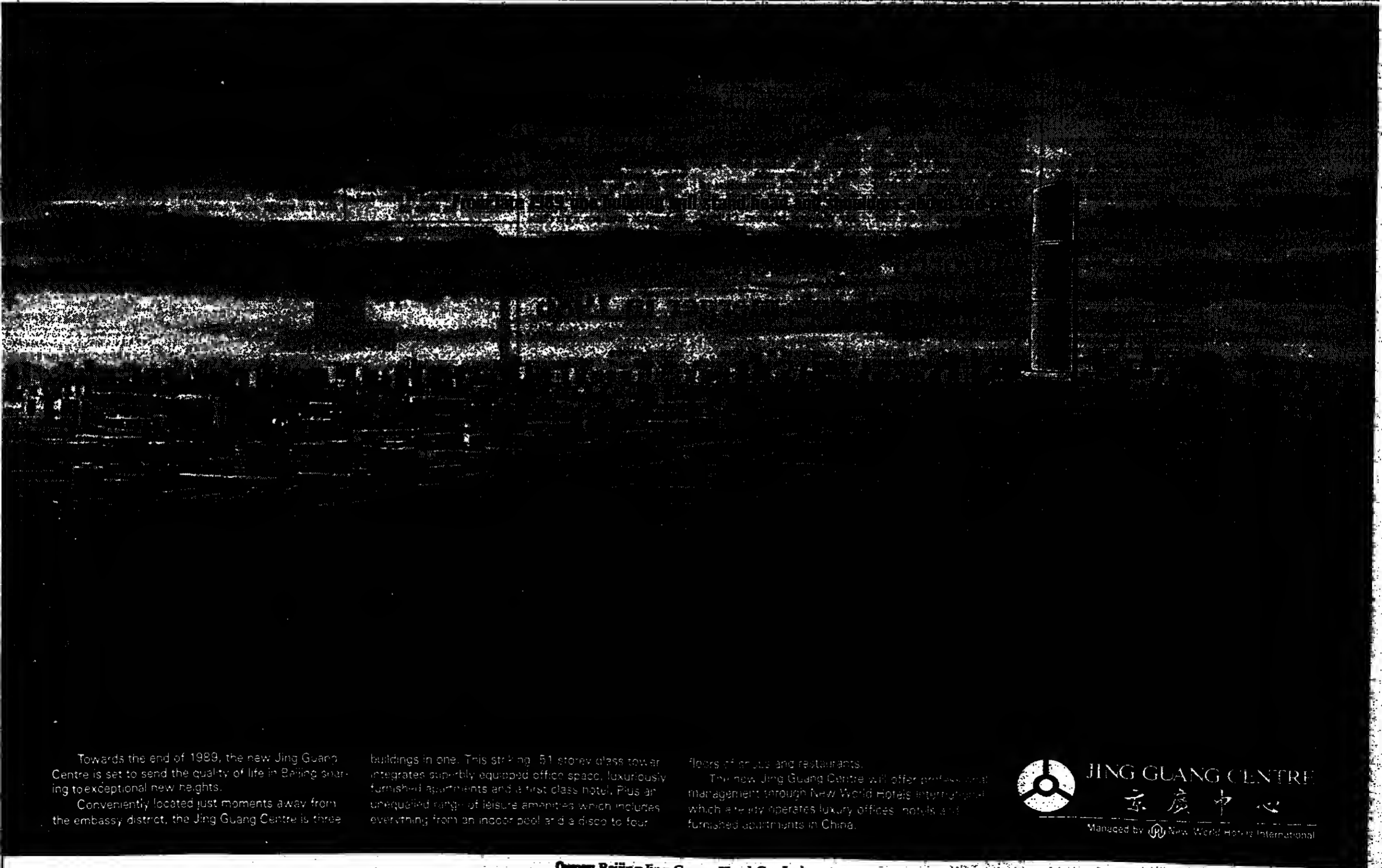
The key issue, Ms Kocsis said, is that of ownership of state companies. If the majority of shares remained in state hands, little economic change could be expected.

Mrs Kocsis noted that the other side of the coin was that few Hungarians could be expected to want to buy shares

Judge fires parting shot at squabbling EC states

By David Buchanan in Luxembourg

LORD MacKenzie Stuart yesterday used his farewell address as President of the European Court to take a swipe at EC states for disrupting his court's work by failing to agree on timely appointments to the 12-man bench. "Only at the eleventh hour," he said, "have the member states managed to perform their simple and unambiguous duties under the treaties" in nominating judges.



Towards the end of 1989, the new Jing Guang Centre is set to send the quality of life in Beijing soaring to exceptional new heights. Conveniently located just moments away from the embassy district, the Jing Guang Centre is three

buildings in one. This striking 51-storey glass tower integrates superbly equipped office space, luxuriously furnished apartments and a first class hotel. Plus an unrivalled range of leisure amenities which includes everything from an indoor pool and a disco to four

floors of bars and restaurants. The new Jing Guang Centre will offer professional management through New World Hotels International which already operates luxury offices, hotels and furnished apartments in China.

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EUROPEAN NEWS

# Strauss's death throws shadow over Airbus talks

By David Marsh in Bonn

THE DEATH of Franz Josef Strauss, the Bavarian Prime Minister, has added a further complication to long-running attempts to restructure the West German aerospace industry. It also comes as a psychological blow to contested plans to construct a commercial nuclear reprocessing plant at Wackersdorf in Bavaria.

A further round of talks took place yesterday between the Bonn Government and Daimler-Benz, the motor and engineering conglomerate which is seeking to take a 30 per cent stake in Messerschmitt-Boelkow-Blohm (MBB), the country's largest aerospace group.

The aim, energetically supported by Mr Strauss, is to build a company which would group West German expertise in the aerospace and defence technology fields, with responsibility in particular for the country's share in the European Airbus venture.

The talks yesterday were between Mr Gerhard Lieser, the Daimler finance director, and Mr Erich Riedel, the state secretary in the Economics Ministry responsible for co-ordinating the aerospace industry. Mr Riedel, a confidant of Mr Strauss, was brought into the ministry on the express behest of the late Bavarian premier. There is now some uncertainty over the degree of political backing for him in Bonn.

Talks between the Government and Daimler have

become bogged down in wrangling over the financial and industrial conditions on which the motor group would be prepared to take the MBB stake. Participants in the negotiations have been indicating doubts over the past fortnight on whether agreement can be reached by November, which both the Finance Ministry and Mr Edmund Reuter, the Daimler chairman, have set as an informal deadline.

Separate uncertainty meanwhile has surfaced over the fate of the nuclear reprocessing plant in eastern Bavaria which was formerly backed by Mr Strauss as a means of increasing West Germany's atomic energy expertise. In an interview with the magazine *Deutschland* shortly before his death, Mr Strauss warned that Bavaria could back down from its commitment to Wackersdorf if the Bonn Government showed further hesitation over the general nuclear fuel cycle programme of which Wackersdorf forms constituent parts.

The Soviet Union has shown interest recently in offering West German reprocessing facilities in connection with possible German-Soviet nuclear deals. Although Bonn has not been inclined to take such Moscow offers seriously, the demise of the chief supporter of Wackersdorf could spur renewed examination of foreign possibilities for storing and reprocessing burnt nuclear fuel.

# Lambsdorff makes a grab for his old power base

David Marsh reports on this weekend's contest for leadership of the Free Democratic Party

WEST Germany's Lion of Bavaria may be gone - but the Prussian Count appears to be on his way back.

In a week overshadowed by the death of Mr Franz Josef Strauss, Otto Graf Lambsdorff, the former economics minister who was forced out of office in 1984, appears likely tomorrow to clinch the chairmanship of the liberal Free Democratic Party, the junior partner in the Bonn coalition.

Mr Lambsdorff, 61, has been pulling ahead of the other candidate, Ms Irmgard Adam-Schwaezter, Minister for European Affairs in the Foreign Office.

Support among the 402 FDP delegates who will be voting at their weekend congress in Wiesbaden is finely balanced and a Lambsdorff victory is by no means a foregone conclusion. But assuming "der Graf" (the Count) pulls it off, his political resurrection could make life tougher for Mr Helmut Kohl, the Chancellor.

In an interview to his new Bundesrat office, Mr Lambsdorff, scowling behind thick glasses in front of a large portrait of Bismarck, said he was "quite confident" of winning on the grounds of "competence" to carry through FDP policies both within and outside the Government in coming years.

The election is an innovation in West German politics, where such successions are normally decided in conclaves rather than by outright vote. A replacement has to be found for Mr Martin Bangemann, the present FDP chairman and Economics Minister. Disenchanted with life in Bonn, and losing his touch with



Irmgard Adam-Schwaezter and Otto Graf Lambsdorff contest

the party faithful, Mr Bangemann will become an EC Commissioner next year.

Mr Lambsdorff resigned as economics minister four years ago over the celebrated scandal centering on illegal political payments by the Flick industrial group. In February last year, after an 18-month trial, he was convicted of tax evasion, but cleared of the more serious charge of corruption.

He has always maintained that the high-profile trial was partly motivated by Social Democratic efforts to settle scores after he steered the FDP in 1982 out of its 13-year coalition with the SPD.

"There were a lot of people then who were joyfully - and with great certainty - expecting me to sink

without trace. I saw no reason to do them a favour," he says. "They are now drying their tears."

Mr Lambsdorff, supported by a solid phalanx of FDP members from his home state of North-Rhine Westphalia, which makes up a quarter of delegates at the congress, brushes aside signs of greater support among the general public for Ms Adam-Schwaezter as irrelevant.

The 46-year-old junior minister, who was the party's general secretary between 1982 and 1984, is a protégé of Mr Hans-Dietrich Genscher, the Foreign Minister, and promises to boost the Free Democrats' appeal to younger voters. She has promised to strengthen the party's voice in environmental and social issues and

somewhat vaguely - favours a move away from nuclear energy.

Ms Adam-Schwaezter contrasts her softer style with the more brusque approach of the Count. She has accused her opponent of behaving "like a land-owner" in deciding over the heads of the party who will replace Mr Bangemann as Economics Minister. If he wins, Mr Lambsdorff has put forward for the post Mr Helmut Haussmann, the 45-year-old FDP general secretary, who pledges a new liberal approach in the ministry.

Though relative youth and freedom from courtroom stigma are on Ms Adam-Schwaezter's side, Mr Lambsdorff's trump cards are his toughness and reputation for free market economics. In the aftermath of the Flick

affair, he has been given a rather easy ride by the West German media - with the principal exception of the news magazine *Der Spiegel*.

Reflecting the country's proportional voting system and the lack of clear-cut majorities, the small FDP has been present to coalitions in all but seven years since the Federal Republic was founded in 1949. If he wins tomorrow, Mr Lambsdorff says he will not seek a place in the cabinet - a decision perhaps partly motivated by the continuing opprobrium of the Flick affair, but also founded on the Count's view that he will be more powerful outside.

The death of Mr Strauss, the leader of the Bavarian Christian Social Union, which is the conservative partner of Mr Kohl's Christian Democrats in the three-party coalition in Bonn, leaves a vacuum in the coalition which Mr Lambsdorff will certainly try to exploit. "The FDP possess the competence in Germany in matters of the market economy," he insists. "This competence must not be lost."

Despite periodic unrest in the coalition, Mr Lambsdorff says the FDP will probably renew its partnership with the Christian Democrats after the next general elections in 1990.

But he makes clear that Mr Kohl can expect to walk a tightrope over the question of basic FDP loyalty. Because of the Social Democrats' disarray over economic policies, Mr Lambsdorff says no one in the FDP at present seriously argues in favour of switching back to the SPD. But he adds: "The FDP has to make clear that we are not born to be a eternal partner of any other party."

# Strong orders boost W German growth hopes

By David Goodhart in Bonn

THE West Germany economy continues to defy expectations of sluggish growth with some economists now predicting 4 per cent growth in gross national product for the year following yesterday's announcement of strong industrial order figures for August.

The Bonn Government began the year with a growth forecast, then regarded as over-optimistic, of 1.5 to 2 per cent which it recently revised up to 3 per cent.

The latest order figures, which follow good industrial production and retail figures for August, show a volume increase of 5.2 per cent on July.

The more significant July/August order comparison with last year shows a 6.4 per cent volume increase and a huge 8.9 per cent jump in value.

Mr Giles Keating of Credit Suisse First Boston in London said that "something approach-

ing 4 per cent growth is now possible," a view echoed by several West German economists. Forecasts for 1989, currently clustered around 2 per cent, are also likely to be revised to at least 2.5 per cent.

However, the weight of the export contribution to these figures will restrain celebration in Bonn and underlines just how slow the progress in reducing Germany's current account surplus is likely to be.

The July/August comparison with last year shows a 4.9 per cent rise in the volume of domestic orders and a 9.3 per cent rise in foreign orders, or an increase of 7.2 per cent and 12.1 per cent by value.

Investment goods - which increased 8 per cent by volume and 9.9 per cent by value comparing the two month period with last year - have led the order boom, thanks to heavy investment spending.

# Denmark's coalition survives health row

By Hilary Barnes in Copenhagen

AMBITIOUS plans to roll back Denmark's welfare state, unveiled by Mr Poul Schlüter, the Prime Minister, in his opening address to the Folketing (parliament) on Tuesday, received a cold shoulder from the legislature yesterday.

Only a threat of immediate resignation by the three-party minority coalition, which took office in June, prevented the five other parties from passing a resolution forbidding the government even to consider increasing charges on prescription medicine, or introducing other user charges in the health sector. Both feature in the Government's plans to keep budget spending under control next year. It is now clear that Mr Schlüter will have to run the parliamentary gauntlet with his proposals between now and the end of 1988.

The evident parliamentary problems facing Mr Schlüter's coalition, which consists of Conservatives, the Liberal Party and the Radical Party, caused bond and share prices to fall yesterday.

# Independents decline to join Polish Government

By Christopher Bobinski in Warsaw

MR Mieczyslaw Rakowski, Poland's new Prime Minister, is finding it difficult to persuade independent politicians to join his cabinet, due to be announced next week.

When appointed, Mr Rakowski said he wanted to form a coalition government by also going outside the established parties. Yesterday he told the Polish press agency: "I am still hopeful this will be possible."

He added: "If the attempt fails then we would have to limit ourselves to traditional parties. I will have to tell Parliament that there is no place to the Government refused to take up the responsibility."

It seems that attempts to find Solidarity supporters to join the Government are faltering while supporters of the banned union await talks due to start on October 17 between Solidarity and the Polish authorities.

Mr Lech Walesa, the Solidarity leader, hopes these will lead to official recognition of his union while the authorities are busy to persuade the opposition to pledge support for and enter official bodies such as parliament.

On Tuesday Mr Rakowski met Cardinal Jozef Glemp, the Polish church leader, to explain his policies, seek support for his attempts to form a government and, most important, try to dispel the bishop's deep mistrust of his intentions towards the church.

The opposition is resisting participation in the Government before receiving guarantees that Solidarity will be legalised or the political system changed.

Yesterday Mr Janusz Zablocki, a former Catholic deputy, announced the formation of a Christian Democratic political club. He also expressed joining the Government at this point.



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# S Koreans hope to benefit from Gulf ceasefire

By Maggie Ford in Seoul

**SUCCESSFUL BIDDING** on construction projects in Iraq worth almost \$2bn (\$1.3bn) may depend on government export credits, according to a South Korean company hoping to benefit from the ceasefire in the war with Iran.

Hyundai Engineering and Construction, which has continued work on projects throughout the war, is involved in bidding on four projects - a \$1bn oil refinery, a \$400m thermal power plant, a \$250m supergrid project, and a steel pipe plant contract worth \$75m.

The company estimates that Iraq may spend around \$400m over the next five years on new projects.

Hyundai faces stiff competition from Japanese companies such as Mitsubishi and Hitachi which are able to offer financing to the Iraqi government, strapped for funds after the war.

The government is considering providing financing for companies trying to do business in both Iraq and Iran through the Korea Export Import Bank.

Hyundai officials said, however, that debts owed by the

Iraqis were being repaid in promissory notes and in crude oil, although rescheduling was being negotiated on some of the backlog.

The company believes it has good prospects for winning orders in Iraq because it had stood by its commitments during the war years when others pulled out.

Describing the country's plans as "very ambitious", a senior official said Iraq planned an industrialisation drive to give it the strongest base in the Arab world.

This would involve downstream activities such as oil refining and petrochemicals, along with expanded power supplies, more steel mills and export-oriented industries such as car manufacture.

Restructuring plans would centre on the southern area of Basra and the Fao Peninsula, which suffered serious damage, and would focus on housing, hospitals, roads and utility supplies to improve people's welfare.

Hyundai hopes to win orders in the reconstruction of damaged oil and port facilities on the Gulf, an area in which it has substantial experience.

# Siemens in Asea link to gain N-contracts

By David Marsh in Bonn

**ASEA**, Brown Boveri, the Swedish-Swiss engineering concern, and Siemens, the West German electrical group, have agreed to pool activities in advanced nuclear reactor technology as a means of winning orders for foreign markets.

The agreement, announced yesterday, concerns the West German subsidiary of ABB and Kraftwerk Union, the power station division of Siemens. The two groups are expected to set up early next year an equally-owned company bringing together their expertise in the high temperature reactor (HTR) field, where West Germany has high hopes of landing orders in countries such as the Soviet Union and China.

The deal, which has yet to be approved by the West German Cartel Office, would cut down on duplication between two groups which until now have been putting forward rival plans for HTR projects in West Germany and abroad.

Kraftwerk Union and Brown Boveri have already signed separate agreements with the Soviet Union and China to study joint development of HTRs, which can also be used for district heating purposes.

# Islamabad sets minefield for Gatt unwary

William Dullforce reports an unresolved conflict over intellectual property rights

**T**RADER ministers learnt at their informal meeting in Islamabad last weekend that, if they are to keep the Uruguay Round of trade-liberalising talks on course, they have not one but two minefields to negotiate when they conduct their mid-term review in Montreal in December.

They knew in advance about the unresolved conflict over agricultural reform, which pits the US against the European Community. Now they will be aware of a potentially equally dangerous confrontation over intellectual property rights.

This issue revives the old division between the industrial nations and the developing countries.

It must be said at once that not all the vibrations reaching the negotiating centre in Geneva from Islamabad are negative. Mr Michael Samuels, deputy US Trade Representative, summed up the ministerial mood: "Everybody acted as though he wanted a successful mid-term review."

Ministers were convinced that they would be able to seal two years of talks with some concrete results at Montreal. Among these would be the opening of industrialised countries' markets to Third World tropical products next year.

In addition, the General Agreement on Tariffs and Trade (GATT) may well conduct

its first review of a country's trade policies in 1989. The US has volunteered to be the first to submit to Gatt scrutiny, according to Mr Samuels.

From next year, too, the Gatt mechanism for settling disputes can be speeded up and its capacity for mediating squabbles extended.

The US has made the running on both agricultural reform and intellectual property by tabling in the Geneva talks proposals for radical changes and by insisting that the fate of the Uruguay Round depends on its receiving satisfaction.

It was therefore no surprise that Mr Clayton Yeutter, the US Trade Representative, played the lead role in Islamabad.

Even EC officials concede that he made an astute move on agriculture by offering to discuss short-term reform measures, while keeping in place the US demand for a commitment to long-term reform by other countries, including those of the EC, at Montreal.

Under its latest formulation the US wants countries to agree that the Uruguay Round must end with a commitment in place to abolish all trade-distorting agricultural support programmes.

So far the EC has refused to contemplate the abandonment of its export subsidies. It has sought a pragmatic approach,



Yeutter: lead role

arguing that it made no sense to discuss long-term action without first considering short-term measures to halt and reverse governments' enormous budget support for farming.

EC officials claim that Mr Yeutter's offer to discuss such short-term measures as a freeze on subsidies and a percentage cut in aggregate levels of support is more "presentational" than real.

It nevertheless puts the onus on Brussels to come up before the Montreal meeting with its proposal for long-term action, for which the US and the Cairns group of 13 "non-aligned" farming nations have

been calling in increasingly vociferous terms.

A long-term paper is being prepared by the EC Commission. It will certainly fall far short of US demands; it will not volunteer to abolish Community export subsidies; and it still has to be accepted by the 12 governments.

Mr Yeutter may have stepped up the pressure but, despite his repeated assurances that US policy on farm trade reform has bipartisan political support, he has not apparently persuaded all European capitals that his headline policy will remain unchanged if Mr Michael Dukakis, the Democratic candidate, wins the presidential election.

Yet all is not despair in the agricultural talks. Many negotiators are convinced that the semantic wand will be waved in Montreal, language will be found to cover differences over long-term reform and the more optimistic even hope for some agreement on short-term action.

More desperate, it is generally agreed, is the situation in the talks on intellectual property. The US is demanding that ministers agree at Montreal to negotiate in the Uruguay Round a comprehensive Gatt agreement, incorporating a set of minimum standards and enforcement procedures for all forms of intellectual property.

US business claims to have lost \$24bn in 1986 from piracy of patents, illegal copying of microchip designs and software and counterfeiting. On this issue Mr Yeutter is being pushed by a powerful domestic lobby and has the support of the EC, Japan and other industrial nations.

His negotiators in Geneva have run into a stone wall among developing countries, notably Brazil and India. These countries fear that granting multinationals "monopoly" rights over such a wide range of intellectual property will undermine their own development capacities.

They want these matters handled in the World Intellectual Property Organisation and claim that the US and its allies are going beyond the mandate on intellectual property given by trade ministers, when the Uruguay Round was launched in 1986.

The situation has been exacerbated by US plans to take retaliatory action against imports from Brazil in the row over Brazil's refusal to pay for pharmaceutical patents.

After Islamabad, where Mr Yeutter evoked no change in the developing countries' position, some US negotiators believe the solution lies in persuading ministers at Montreal to reword the mandate.

Given the sensitivity of the issue in the Third World this would seem to be a vain hope.

# Israel in \$200m fighter deal with Colombia

By Andrew Whitley in Jerusalem

**ISRAEL** has concluded a \$200m (\$125m) deal for the sale of 13 upgraded Kfir fighter-bombers to Colombia. Part of the financing will come from the proceeds of Colombian coal exports to Israel.

The Kfir sale will give its loss-making manufacturer, Israel Aircraft Industries, a much-needed boost. Although prospects have improved since the cancellation last year of the Lavi advanced combat aircraft, cash flow at the state-owned group is still tight.

After negotiations stretching over three years, contracts were signed yesterday at IAI's headquarters.

Approval from the US Administration was required for the export of the Kfir, which are powered by Pratt and Whitney engines. Once that was obtained, a major hurdle was the arrangement of financing.

Colombia will receive an eight-year credit at 9 per cent interest for part of the purchase. A two-and-a-half-year grace period is provided.

The key to the deal was the agreement last April by Israel to purchase 2m tonnes of Colombian steam coal over a four-year period.

IAI closed its Kfir production line several years ago, after supplying the Israeli Air Force with about 150 of the Mirage-III-based aircraft. Defence experts estimate the company has been carrying an unsold inventory of 100 aircraft.

Mothballed while awaiting foreign customers, the version to be delivered to Colombia contains updated avionics derived from the Lavi programme. An unspecified number have been modified to provide in-flight refuelling for Colombia's Mirage 5 squadrons, extending their range.

# W Australia to go ahead with A\$1bn chemical plant

By Chris Sherwell in Sydney

**THE** state Government of Western Australia confirmed yesterday it was going ahead with a controversial A\$1bn (247m) petrochemical plant to be built near Perth in a joint venture with Mr Alan Bond, the entrepreneur.

Mr Peter Dowling, the state premier, said the Government would be investing A\$175m for a 49.75 per cent stake in the project, while the Bond organisation would inject equity of A\$225m. The remainder will be funded by a non-recourse financing facility.

The plant, to be completed by 1991, is expected to earn some A\$250m a year from exports of ethylene dichloride and vinyl chloride monomer to Mitsubishi Corporation of Japan, and to save another A\$50m annually through the replacement of caustic soda imports needed for the local alumina industry.

According to the Government, the value of the plant's output would rise to A\$500m a year. If a further decision is taken to manufacture polyvinyl chloride, the world's best-known plastic, it would also generate a total of 1,700 jobs during construction and 425 permanent jobs subsequently.

"There is not another project on the horizon in Australia that will have so much beneficial impact on the current account figures as this one," Mr Dowling claimed yesterday.

He defended the Government's participation by pointing to the direct role in similar plants taken by governments in Thailand, Saudi Arabia, Singapore, Taiwan and several European states.

The plant is based on the use of natural gas from the giant North-West Shelf project off the state's coast.

# Daishowa plans Australia mill

**DAISHOWA PAPER** is to spend A\$450m (\$210.2m) on building a paperboard and pulp plant in Australia, Tony Jackson reports from Tokyo.

The plant, at Gwynon, New South Wales, will use local eucalyptus to produce 150,000 tonnes of paperboard a year for the Australian market, and a further 150,000 tonnes of pulp for export to China. Construction is due to start next year, with the plant coming on stream in 1992.

# Soviet order goes to Swiss

**BUEHLER** Brothers, the Swiss engineering concern, has received an order worth some SFR100m (237m) from the Soviet Union for the installation of 16 piston manufacturing plants, John Weeks reports.

The company is to complete the factories at different sites next year and in 1990.

Buehler claims to have gained a leading edge over Italian competitors in the Soviet market because of its high-temperature technology.

# Sales of cars imported to Japan hit new peak

**SALES** of imported cars in Japan rose 8.1 per cent from a year earlier to a record 15,284 in September, surpassing the previous record 11,976 set in March 1988, Japan Automobile Importers Association statistics show, Reuters reports from Tokyo.

September sales compared with 9,059 in August when they rose 32.2 per cent from a year earlier.

Sales of foreign cars equipped with engines of 2,000cc or smaller rose 48.5 per cent from a year earlier to 9,490, while sales of those with

larger engines rose 55.6 per cent to 5,793.

West German cars, accounting for 70.3 per cent of all sales, rose 34 per cent to 10,733, passing 10,000 for the first time.

US-made cars, accounting for 12.6 per cent of the September total, rose 48.5 per cent from a year earlier to 1,924.

Total sales by Ford rose to 796 from 72 a year earlier, and those of GM rose 64.1 per cent to 420.

Sales of British cars rose 53.3 per cent from a year earlier to 906 and of Swedish cars 40.3 per cent to 634.



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AMERICAN NEWS

Pentagon proposes \$69bn scaled-down SDI system

By Lionel Barber in Washington

THE Pentagon yesterday unveiled proposals for a scaled-down version of the "Star Wars" defence system against nuclear attack which would cost \$69bn (\$41bn), a sharp drop from original estimates of \$115bn.

The plan for a limited, first-phase defence system to shoot down nuclear warheads indicates that budget constraints have forced the Reagan Administration to scale back, at least in the short term, its original concept of a comprehensive defence against Soviet attack.

anti-ballistic missile system called AEPB (accelerated launch protection system), which could be available in five years at a cost of \$10bn-20bn.

Democrats 'stressing foreign investment'

THE Democrats are trying to make foreign investment an issue in the US presidential race, a senior US Treasury official claimed yesterday.

Quayle prays for inspiration

Stewart Fleming reports on the vice-presidential candidates' debate

VICE-President George Bush's choice of Senator Dan Quayle as his running-mate came back to haunt him on Wednesday night when the 41-year-old Indiana politician found an answer to the question troubling many American voters: "What would this man do if Mr Bush died in office and he found himself sitting in the president's chair in the Oval Office?"



Quayle's claim that the Reagan Administration's foreign policy had promoted human rights in South Africa is a statement which will be noted by reporters and the Dukakis campaign aides.

as mature and well informed, but avuncular and warm. Many of these Americans who are already telling pollsters by a margin of three to one that Mr Quayle is not qualified to be president will have had their doubts reinforced.

New guerrilla offensive puts El Salvador back in limelight

By Tim Coone in Managua

A NEW military offensive in El Salvador organised by the left-wing Faribundo Martí Front for National Liberation (FMLN), has thrown government forces on the defensive, and once again drawn attention to the seeming intractability of the 10-year civil war.

The FMLN guerrillas are thought to be outnumbered militarily by a ratio approaching 10 to one, the figure generally considered by military experts to be necessary to win a counter-insurgency war, but the FMLN has shown a remarkable ability to adapt its tactics to compensate for its technological and numerical inferiority.

Leaders of the FDR, a political wing of the FMLN, announced last August that they intended to contest the elections.

Government and Congress already disagreeing

Brazilian constitution marks opening of election campaign

BRAZIL'S new constitution came into force on Wednesday, with an emotional ceremony in Brasilia that in effect marked the opening of the presidential election campaign.

Bush backs US energy industry

By Our Foreign Staff

THE US should decrease its reliance on energy imports from the Middle East and support the domestic oil and gas industry, Vice-President George Bush said.

Canadian polls leave reform in limbo

By David Owen in Toronto

THE Canadian general election call has left a number of bills, including the last stage of the Government's comprehensive financial services reform, in limbo.

Chilean battle has only just begun

Barbara Durr on the parties in opposition to General Pinochet

THE 16 parties which led a unified Chilean opposition campaign against General Augusto Pinochet were favouring their victory yesterday.

Barbara Durr on the parties in opposition to General Pinochet

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Advertisement for Fujitsu facsimile machines. Text: 'IF IT'S IMPORTANT, DON'T JUST FAX IT. dex it!' Includes an image of a man holding a fax machine and a coupon for more information.

Advertisement for 'dex' facsimile machines. Text: 'dex facsimiles are made by Fujitsu, the largest computer company in Japan and one of the world's telecommunications giants.' Includes an image of a man holding a fax machine and a coupon for more information.

# Astra satellite to offer up to 14 English channels

By Raymond Snoddy

ASTRA, the Luxembourg direct broadcast satellite, is likely to carry between 10 and 14 English language channels after its launch in mid-December.

A consortium comprising W.H. Smith, the UK-based newspaper group, British Telecom and Maxwell Entertainment are close to agreement with Societe Europeenne des Satellites (SES) the private company launching Astra to lease satellite capacity for six programme channels.

Astra is a 16-channel television satellite powerful enough to broadcast to dish aerials in diameter across most of the UK. Mr Rupert Murdoch, chief executive of News Corporation, has already said that he will launch four channels of advertising-financed television on Astra in February.

Mr Murdoch is now likely to be followed on to Astra by the W.H. Smith, Maxwell, BT consortium. Altogether it will account for five film channels, Premiere and Home Video

Channel - MTV, the pop music channel, Children's Channel, Lifestyle and Screen-sport, all already being transmitted by low-power satellite to cable television networks.

A further four channels, three of them American, are also considered likely to sign up with Astra eventually. They are the Disney Channel, The Discovery Channel, featuring nature, science and history programmes and Mr Ted Turner's Cable News Network. The UK contender is Super Channel, which is the object of bids from Mr Maxwell and United Cable of the US.

Talks are also proceeding with companies seeking to lease a few hours of satellite time a day for specialist programme services. These include the European Business Channel, the Arts Channel and Landscape Channel, which combines music and landscape films.

A 30-year deal involving 10 channels would be worth about £200m for SES.

# Tory call for positive attitude to Europe

By Tim Dickinson in Brussels

A RINGING call for Britain to play a more positive role in the European Community, coupled with a warning that loss of national sovereignty is both inevitable and desirable in the run up to 1992, are among the major themes of a controversial new analysis to be presented to delegates at next week's Conservative Party conference in Brighton.

Although written before Mrs Thatcher's widely publicised speech in Brussels last month, the comments of the Bow Group paper's author, Conservative MEP Mr James Elles, will be seen as further underlining the party differences on attitudes to Europe.

Mr Elles is one of the more thoughtful and least theatrical of the 45-strong group of Tory MEPs at Strasbourg. The sharp differences between some of his ebulliently Federalist colleagues and a rival band of ardent Thatcherites has been exposed by public squabbling in recent days, but Mr Elles' views are almost certainly shared by a majority of his party colleagues.

While describing himself as "a supporter of the Prime Minister," the tone of much of his paper will not necessarily win approval at Downing Street.

Taking as his text the proposition that Europe must grow closer to survive competition from the US and Japan in the 21st century, Mr Elles' ideas are an "illusion" the idea that "a united Europe could be achieved without any loss of control by EC member states over their internal affairs." But in a section on British ambiguities he adds: "This shift of power from national to European authorities should be seen not so much as a loss but more of a net gain of sovereign power."

Mr Elles further emphasises that "the internal market will not become a reality without acceptance that there are wide ranging implications (eg in the monetary field) above and beyond the simple removal of trade barriers. If these are brushed aside, we will end up with a pale shadow of what has been proposed."

# THE LABOUR PARTY AT BLACKPOOL

# Kinnock rebuffed in key vote on defence

By Michael Cassell, Political Correspondent

MR NEIL KINNOCK, the Labour leader, was yesterday given a clear warning by his party that he risks igniting a damaging, internal fight over defence if any attempt is made to shift its position on unilateral nuclear disarmament.

In a decision which forcefully underlined the scale of the task facing the Labour leader in trying to formulate a defence policy acceptable to supporters and credible to voters, delegates to the Blackpool conference yesterday defeated by 1.2m votes to 2.9m a leadership-backed motion calling on Labour to pursue its non-nuclear objectives via unilateral, bilateral or multilateral action.

Mr Kinnock at once pledged himself to pursuing the party's attempts to reshape its defence strategy. He said: "It is our duty to secure a policy for defence and nuclear disarmament that can secure the support of our country."

"Today's vote was not conclusive," he added. "The policy review goes on."

After an impassioned, sometimes angry debate, the conference also supported by a majority of 1.2m a motion calling on the party's national executive to campaign for the unilateral removal of all nuclear weapons and nuclear bases from Britain.

A majority of nearly 500,000

Can we tell the Soviets that Labour will work for a non-nuclear world? - KAUFMAN



also backed a motion demanding that money saved by cancelling Trident missiles should be injected into health and other public services.

The votes cast a shadow over Mr Kinnock's progress this week in steering his party towards adopting a new set of policies designed to secure vic-

tory at the next election. The defeat at the hands of party members, who suspect that the leadership intends, over the next year, to drop its unilateralist stance, was sealed before the debate with several of the largest unions lining up behind the TGWU general workers' union and Mr Ron Todd, its general secretary.

Mr Todd warned the party that it was in danger of backing away from Labour's long-standing defence strategy. He said: "If we bend, the pressure will become overwhelming, if we give an inch, it will lead to a mile, another mile and then another mile."

Labour leaders moved to play down the impact of the decision immediately after the result was announced. They claimed that the vote had not put a straitjacket around the party's defence working party, which is due to unveil an updated defence stance to next year's annual conference.

Party leaders were taking some comfort in the size of the support for a motion which went beyond Labour's existing unilateralist stance. It was also clear that any attempt to depart from a unilateralist position will face defeat unless the clear message from delegates it would provoke civil war within the party and make Labour unelectable. If the conference

For the first time in history I can see a chance of ending war forever - HEALEY



Mr Ken Livingstone, a left-wing member of the party's ruling national executive committee, said that if the leadership attempted to ignore the clear message from delegates it would provoke civil war within the party and make Labour unelectable. If the conference

decision was pushed aside, he added, both sides of the argument would mobilise.

Mr Gerald Kaufman, the joint convener of the defence working party, stressed that work on defence policy would not begin until early next year and said that the "extremely important" views of the conference would be taken into account during the review. He added: "It would be an outrage if the policy review group ignored today's decisions."

Mr Kaufman plans to go to Moscow later this year with Mr Martin O'Neill, the party's defence spokesman, to talk about a possible bilateral nuclear arms deal with the Soviets.

During the debate, Mr Kaufman said that one approach for a Labour government was to "simply and speedily" divest itself of nuclear weapons "off our own bat." Such a move, however, would end Britain's role in world nuclear disarmament, where it could have a constructive part to play.

Mr Denis Healey, the former Labour defence secretary, said that with Washington and Moscow "moving past detente to enmity," Labour could help the arms reduction process along while Mrs Thatcher would do everything in her power to sabotage the process. Politics Today, Page 19

# Lloyds to offer dual credit card network

By David Barnard

LLOYDS BANK, the smallest of the British big four commercial banks, is to establish its own network of retail outlets for credit cards, offering retailers for the first time simultaneous membership of the Visa and the Access/Mastercard systems.

This is the latest move in an intensifying war between the main banks for the credit card market. It began in September last year when Lloyds, an Access card issuer, applied for membership of Visa International.

At present there are only two credit card retail networks in the UK. Barclays Bank operates a network for Visa while the Joint Credit Card Company handles negotiations for the Access banks, the UK affiliate of MasterCard International. Lloyds will compete against

Barclays and the JCCC for the network. However, Barclays has applied to MasterCard International and is likely to be offering its retailers dual Visa/MasterCard facilities in the near future.

Although Lloyds has stolen a lead on its rival, Barclays enjoys several advantages, including a large salesforce with 22 years' experience of handling retail negotiations and 7,000 "point of sale" electronic terminals, compared with about 50 for Lloyds.

Retail organisations were generally delighted with Lloyds' decision. Mr Bob Woodward, chairman of the Retail Consortium, set up by the chain stores to handle negotiations over credit cards with the banks, said the announcement was a big step in liberalising the credit card market.

# Party's Euro-vision looks beyond Little England

LABOUR'S acceptance of what was once regarded as the deathly embrace of Europe was completed yesterday with the overwhelming adoption by the annual conference of a resolution formally recognising Britain's political and economic integration in the European Community, Charles Hodgson writes.

The conversion, a full 15 years after Britain's accession, has been less than Pauline. But coming on top of Mr Neil Kinnock's glorious vision of a European "social space" in his leader's speech on Tuesday and the enthusiastic welcome accorded to Mr Jacques Delors, the European Commission president, by the Trades Union Congress last month, it marks the final death knell of the Labour movement's characteristic anti-Common Market stance.

Labour's "little Englander" corpse still twitched periodically yesterday, but most in the party accept that the debate on Europe has now moved on.

In line with the challenge outlined by Mr Kinnock of securing social justice and economic efficiency at home, Labour now recognises that its task is to ensure that the so-called social dimension in the forthcoming single European market becomes the central thrust of the party's approach to Europe.

That social dimension is anathema to Mrs Margaret Thatcher, Labour argues. The Prime Minister's celebrated Bruges speech only served to underline her vision of Europe as a market free-for-all and will lead to the export to Europe of the economic inequalities, which Labour believes, starkly divide Britain.

In sharp contrast Labour's "social Europe" as defined by Mr Kinnock, means ensuring the highest standards of working conditions and workers' rights. It means raising British pensions and benefits to European standards, tough anti-trust legislation to protect consumers and substantial increases in social and regional spending to counteract the EC's "inevitable pull of wealth, production and jobs towards the centre."

It involves "root-and-branch reform" of the Common Agricultural Policy and EC action to protect the environment.

Hand in hand with social progress in Europe, Labour must ensure that British industry can face up to the chill winds of European competition once the final barriers to trade come down in 1992. This, Labour argues, Mrs Thatcher has failed to do.

Mr Tony Blair, the party's industry spokesman, insists that Labour must formulate an industrial policy, aimed at improving competitiveness, enforcing anti-trust legislation and fostering technological and scientific advance. Without such a policy, the single market spells disaster for Britain, he says.

The resolution endorsing Mr Kinnock's new vision was moved by Mr Bill Jordan, president of the ABE engineering union, who said that it symbolised Labour's positive approach to Europe. Mrs Thatcher, post-Bruges, now clearly stood for insularity.

Mr Jordan's exhortations were countered unsuccessfully by an alternative resolution calling on Labour to stand by the commitment given in the 1974 referendum that the Government would always have a veto on key EC legislation, now under threat from the Single European Act provision for majority voting.

It insisted that all legislation originating from Brussels should be ratified by the British Parliament and Government. This resolution was remitted to the foreign policy review group, which will present its final proposals to next year's conference.

Labour shares Mrs Thatcher's dislike of the Brussels bureaucracy and is committed to ensuring that maximum control over national and European decision-making rests with parliament.

But while Labour's new direction was endorsed by conference, there are some in the party, particularly on the left, who feel that the scale of the task facing Labour in achieving it is sorely underestimated by those charged with drawing up practical policies.

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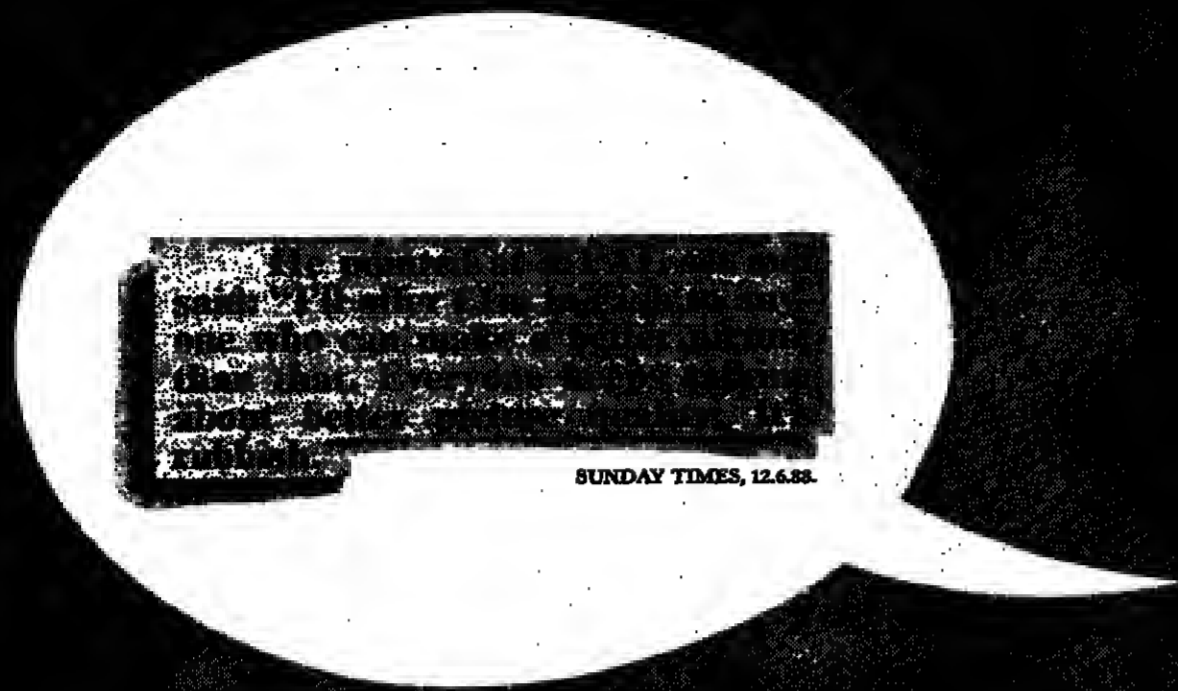
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# Dear Alan, Looks like your PAL just cost you a million.

As you may know, PAL is the existing television transmission system in Britain.

As you may deduce from Mr Sugar's pronouncement, PAL has been adopted by Rupert Murdoch's Sky Television for its direct satellite broadcasts scheduled to start early next year.

When it was invented in the sixties, PAL unquestionably offered the best picture quality of any television system in the world.

But twenty years is an awfully long time in this field. A fact brought home to us the first time we saw the D-MAC system which, incidentally, was developed here in Britain.

In a side-by-side comparison, the superiority of the picture quality of D-MAC is demonstrable.

That's not just our view, but that of the Independent Broadcasting Authority and 95% of the people who, at our invitation, recently sat through the first live D-MAC satellite transmission.

Historic moment though it was, this first live



transmission was watched on perfectly ordinary television sets fitted, as many of the sets now on sale are, with a Euroconnector.

(Indeed, a television set not fitted with a Euroconnector, but connected to the set-top box required to receive all satellite transmissions, can receive D-MAC transmissions. But, sadly, the picture will only be to the existing PAL standard.)

D-MAC doesn't just offer the possibility of superior picture quality from next September, either. From day one, it also offers digital stereo sound, parental control and over-the-air messaging. And, in the not too distant future, wide-screen, cinema-quality pictures.

We rest our case and trust Mr Sugar will put his money where his mouth is.

To be specific, we'd like Mr Sugar to send the aforementioned £1m cash to the charity of his choice. And advise us of same.

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ROCKET LAUNCH 10 AUGUST 1989. PROGRAMMES START SEPTEMBER.



UK NEWS

# Property group may back Hotel launcher project

By Peter Marsh

THE Carroll Group, a privately owned property and investment company, is discussing the possibility of taking a share in the funding of Hotel, a potentially revolutionary space launcher being developed by British Aerospace and Rolls-Royce.

The group has talked to Mr Alan Bend, the inventor of Hotel, about taking part in the project. The Government has refused to back the scheme, which has been under development by BAe and Rolls-Royce since the early 1980s, and has called on private enterprise for support.

BAe said that it not spoken formally with the Carroll Group but that it hoped to arrange a meeting soon. The aerospace group said that it was willing to talk to any organisation which was interested in possible funding for Hotel.

However, even the property group's involvement would still leave Hotel's future in extreme doubt.

The Carroll Group said that it was not prepared to discuss how much money it might be

prepared to invest in the programme, which would cost an estimated £50m to develop to the point of a working prototype.

The Carroll Group, based in London, is involved in a range of large property developments in Britain. The 70-year-old company does not release annual income figures, but says that it is involved in development and investment programmes valued in total at more than £850m.

The group has also been chosen by the Defence Ministry to undertake a £60m property development on 50 acres belonging to the Government-run Royal Aircraft Establishment at Farnborough in Hampshire.

Engineers involved with the Hotel (which is short for Horizontal Take-Off and Landing) project say it has a good chance of producing a revolutionary space vehicle which would take off from an ordinary runway. This would greatly reduce the costs of lifting payloads into orbit.

The vehicle could be flying by the early years of next century and would be powered by a novel air-breathing engine developed by Rolls-Royce. This would replace the conventional motors used in rockets which rely for fuel on liquid oxygen carried in tanks.

So far the Government and the two aerospace companies have invested about £3m between them in the Hotel programme. It is envisaged that the scheme needs at least another £15m over the next few years to continue development.

Hotel is among a number of advanced concepts for space vehicles which have emerged as contenders for the space travel of the next century. Other schemes are under discussion, and in some cases already have funding, in the US, Japan, France and West Germany.

One possibility for the Hotel development is for financial backing to be shared by the 13 countries of the European Space Agency, of which Britain is a member. Observers believe, however, that ESA is unlikely to back Hotel without strong support from the UK Government.

# Coal users fend off 'greenhouse' accusations

By Maurice Samuelson

THE INTERNATIONAL coal industry hit back yesterday at charges that coal-fired power stations are a prime cause of the climatic changes associated with over-heating of the atmosphere.

The London-based World Coal Institute, representing a wide range of national and private coal utilities and traders, said research by its members showed that the contribution of coal-fired power stations to the phenomenon known as the greenhouse effect had been "greatly exaggerated."

Its comments reflect fears among coal producers that proponents of nuclear power, who are on the defensive on safety grounds, want to turn the tables against coal on a wide range of environmental grounds.

Mr Richard Tallboys, a former British diplomat recently appointed as the World Coal Institute's chief executive, told its annual general meeting in London that in combating pollution more attention should be paid to chemicals used in aerosols, and the contribution made by motor engines to acid rain.

Earlier this week a report from the Royal Institute of International Affairs urged industrialised countries to reduce their coal consumption and to switch to other forms of electricity production, including natural gas.

Mr Tallboys yesterday retorted that coal's image as a fuel identifiable with dirt and grime was completely out of date, as was shown by the improvement in the atmosphere of London in the past 30 years.

Modern coal-fired stations emitted very low levels of pollutants, were safe and economical to operate "and when it comes to decommissioning they can be demolished without hazards or converted to valuable community uses."

Dr Ten Wolde, of Shell Coal International, told the meeting that coal-fired power stations would become even cheaper and cleaner to run as a result of technological developments in which the coal would be turned into gas before being burned.

# Vehicle registrations 11.58 per cent ahead over nine months Car sales near fourth record year

By Kevin Done, Motor Industry Correspondent

THE BOOM in UK new car sales continued in September with registrations rising to the highest total for the month in spite of the jump in interest rates and the withdrawal by several manufacturers of cheap finance schemes.

Sales in September rose by 7.73 per cent to 191,121 units from 177,412 units a year ago, confounding forecasts that sales would weaken, at least temporarily, in the wake of record demand in August when new registrations totalled 477,905 units, a jump of 17.2 per cent.

For the first nine months of the year new car sales, at 1,63m units, are 11.58 per cent ahead of the corresponding period of 1987 and are on track to reach a record for the fourth year in succession at around 2.2m units, according to figures released yesterday by the Society of Motor Manufacturers and Traders.

The main loser last month was Ford, the dominant UK market leader, whose share for the month dropped by five percentage points to 27.23 per cent from 32.57 per cent a year earlier, reflecting a drop of 9.7 per cent in sales volume.

Ford led the market last month by withdrawing its

	1988		September 1987		1988		Year to date 1987	
	Units	%	Units	%	Units	%	Units	%
Total market	191,121	100.00	177,412	100.00	1,626,789	100.00	1,637,161	100.00
UK produced	88,141	46.12	81,233	45.82	798,352	49.37	791,912	48.37
Imports	102,980	53.88	96,179	54.18	1,028,407	62.63	845,249	51.63
Ford	52,182	27.29	57,783	32.57	487,426	29.98	471,195	28.78
Rover Group	31,528	16.50	23,087	13.01	279,906	17.27	248,722	15.19
Vauxhall/Opel	23,900	12.19	16,459	9.28	246,994	15.25	218,044	13.32
Peugeot/Citroen	18,404	9.63	14,699	8.28	158,594	9.75	119,083	7.27
Nissan	10,219	5.35	12,698	7.16	109,039	6.71	89,496	5.47
Audi/VW/Skoda	11,318	5.92	9,900	5.58	104,774	6.44	96,892	5.91
Renault	10,116	5.29	7,921	4.46	72,992	4.52	66,353	4.06
Fiat/Alfa/Lancia	4,291	2.25	5,155	2.91	67,227	4.14	61,068	3.73
Volvo	4,963	2.61	5,796	3.27	63,589	3.97	58,528	3.45

Source: Society of Motor Manufacturers and Traders

cheap finance sales promotion scheme. The company said yesterday it had still not managed to replenish its stocks after the two-week strike in February in the face of the record overall market.

Ford, which has led the UK market since 1977 and has the three best-selling UK models - the Escort, Sierra and Fiesta - has suffered a fall of two percentage points in market share in the first nine months of the year to 26.88 per cent from 28.78 per cent a year ago.

Surprisingly the Ford Fiesta was the best-selling UK car in September, in spite of the fact that it is due to be replaced early next year.

Rover Group, now a fully-owned subsidiary of British Aerospace, appears finally to have arrested the long decline in its market share. For the first nine months its share has increased marginally to 15.33 per cent from 15.19 per cent a year ago. The company enjoyed a very strong September, capturing 16.5 per cent of the market compared with 13.01 per cent a year ago.

The share taken by imported cars was reduced slightly in September to 53.88 per cent from 54.18 per cent in September last year, but for the first nine months the share taken by UK-built cars is still dramatically lower at only 48.37 per cent compared with 48.4 per cent in the first three quarters of 1987.

Against the trend of the first nine months Nissan sales were very weak in September, while both Volkswagen/Audi of West Germany and Renault of France recaptured some lost ground.

# Lloyd's insists syndicates use data network

By Nick Dunker

LLOYD'S of London, the insurance market, is to compel all its 380 insurance syndicates to join a Lloyd's computerised data network in an attempt to speed up its transformation into an electronic marketplace.

Membership of the network, launched in spring 1987, allows syndicates and insurance brokers to communicate with each other and with the market's central facilities via an electronic data interchange system operated by IBM.

At present, however, only about 60 per cent of syndicates are connected, although IBM charges them only £1,850 to join and the only equipment required is an IBM-compatible personal computer.

The move, announced by Mr Alan Lord, chief executive of Lloyd's, is a radical departure for Lloyd's.

# Accountants make move towards coherent rules

By Richard Waters

THE UK accountancy profession has begun a long haul towards establishing a coherent set of rules for company accounts, and in the process tentatively reopened the issue of how accounts reflect the effects of inflation.

The push, if successful, could in theory lead to a new set of accounting standards. The 21 statements of standard accounting practice (SSAPs) in the UK have been attacked as having been adopted piecemeal to meet temporary accounting difficulties, rather than in accordance with an overall scheme of how companies should report their figures.

However, Mr Michael Ren-shall, chairman of the Accounting Standards Committee, said yesterday that the initiative was unlikely to lead to the wholesale scrapping of existing standards. "Even if that is the

logic, it is impractical. We have to start from where we are, and go on to develop better standards," he said.

The impetus behind the move is a report on the broad guidelines that should underlie accounting standards, which has been financed by the Institute of Chartered Accountants in England and Wales.

The report is being written by Professor David Solomons, a British accountant who was the principal author of a similar work produced for the US Financial Accounting Standards Board.

In a draft of his report, presented to the ICAEW at the end of last week, Professor Solomons said: "Accounting standards, where they exist at all, have everywhere developed in a rather haphazard manner. Firefighting is the description usually applied to the process."

# Public backs overseas aid without strings

By Peter Montagnon, World Trade Editor

MOST BRITISH voters support the idea of taxpayers' money being spent on development aid, but are lukewarm about aid money being used to promote exports or strengthen political ties with developing countries, a recent survey shows.

The Marplan poll commissioned last month by a leading charity offers a rare insight into public attitudes towards aid spending. It suggests in particular that the so-called industrial lobby, which would like to link aid more closely with Britain's export effort, has largely failed to get its message across.

Altogether 71 per cent of respondents felt that Britain ought to help poorer countries, but only 21 per cent thought the most important reason for doing so was to create trade

opportunities. An even smaller number - only 8 per cent - thought that the purpose of aid spending should be to make poorer countries more friendly towards Britain.

The charity which commissioned the poll declined to be identified because it conducted the research for internal purposes. The results confirm, however, the long-held view of many private aid organisations that the public sees aid primarily as a moral obligation.

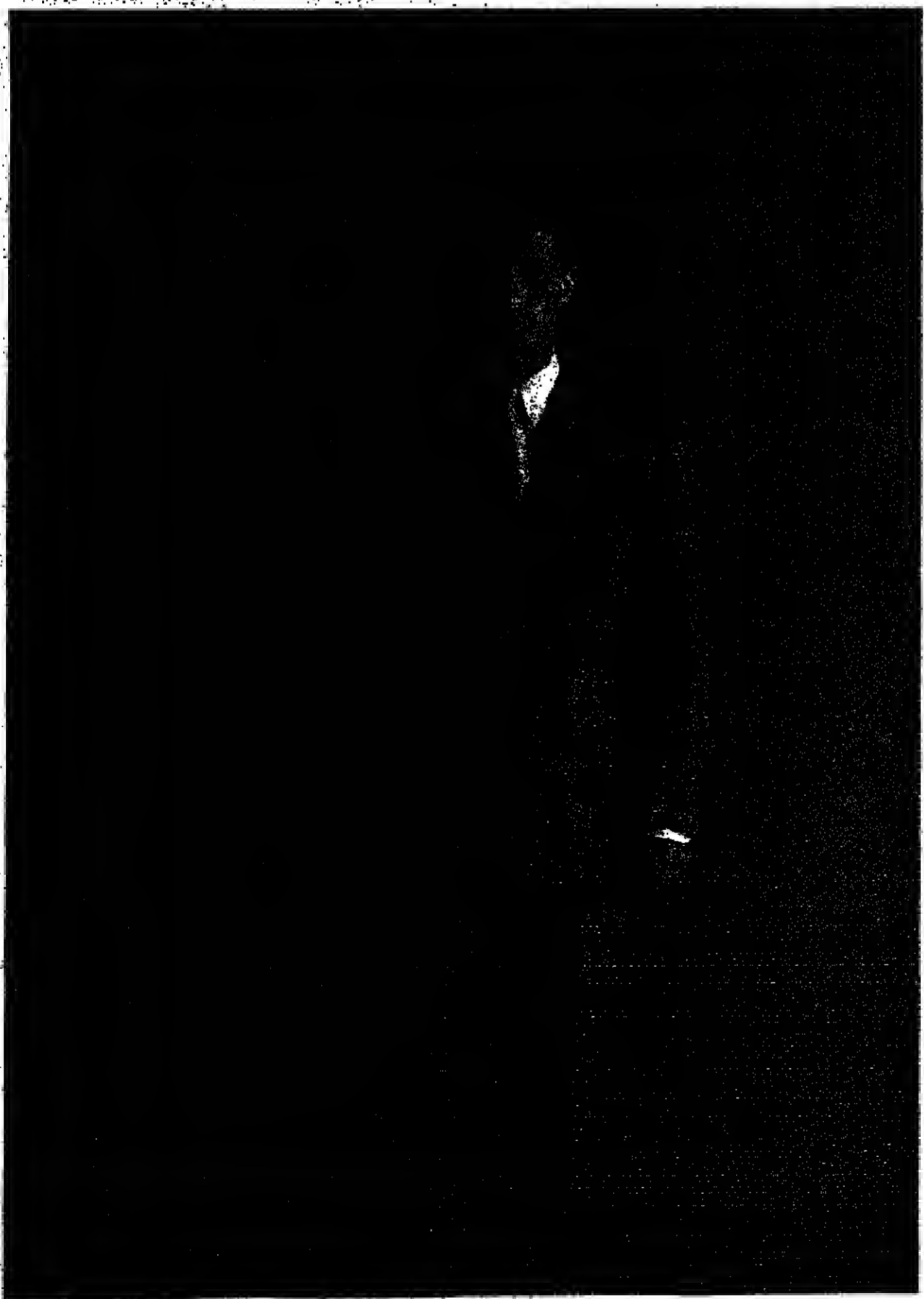
Sixty per cent of respondents thought the main reason for aid spending was because it was "morally right to help countries which are poor."

Fifty four per cent thought that it was reasonable for the UK to demand reforms from recipients before giving aid, but the reforms regarded as most important were those designed to help the poor.

These attracted significantly greater support than reforms to enhance democracy, improve human rights or make the recipient economy more competitive.

Only 35 per cent of respondents thought that the most important form of aid was emergency relief. By contrast 54 per cent thought that its most important aspect was long-term assistance for agriculture, schools, water and health.

The poll showed a marked lack of interest in infrastructure projects which are often supported by industry.



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TECHNOLOGY

In and around the pleasant US west coast city of Seattle lies one of the world's greatest concentrations of manufacturing power held by a single company. This is where Boeing employs 93,000 people in scores of production plants and office blocks.

More than half the 10,000 large commercial jet air liners ever built were engineered and assembled by Boeing workers. At Renton, just south of Seattle, a new 737 rolls out of a vast assembly hall every day and a half. In nearby Everett, 747s are made in the world's biggest single production building.

At Auburn, Boeing has a gigantic machining shop, perhaps the world's biggest at 4.2m sq ft. Every day it dispatches 72,000 components and sub-assemblies, many of them made on cutting machines the size of a house.

In one corner of the Auburn plant, Boeing has installed its first flexible manufacturing system (FMS). Eight machines are linked together and fed by automated trucks. Run by a computer software programme, the system is part of an advance guard of new production techniques capable of dramatically lowering manufacturing costs.

The trouble is that Boeing does not know how to run the Auburn system. A year and a half after installation, it still cannot get the software to work properly. Workers have resorted to starting and stopping the trucks manually. There are twice as many machine tool operators as there should be.

In other words, a company that makes sophisticated aircraft, which can fly 500 people for thousands of miles, is struggling to cope with a manufacturing system the basic concept of which has been around for years.

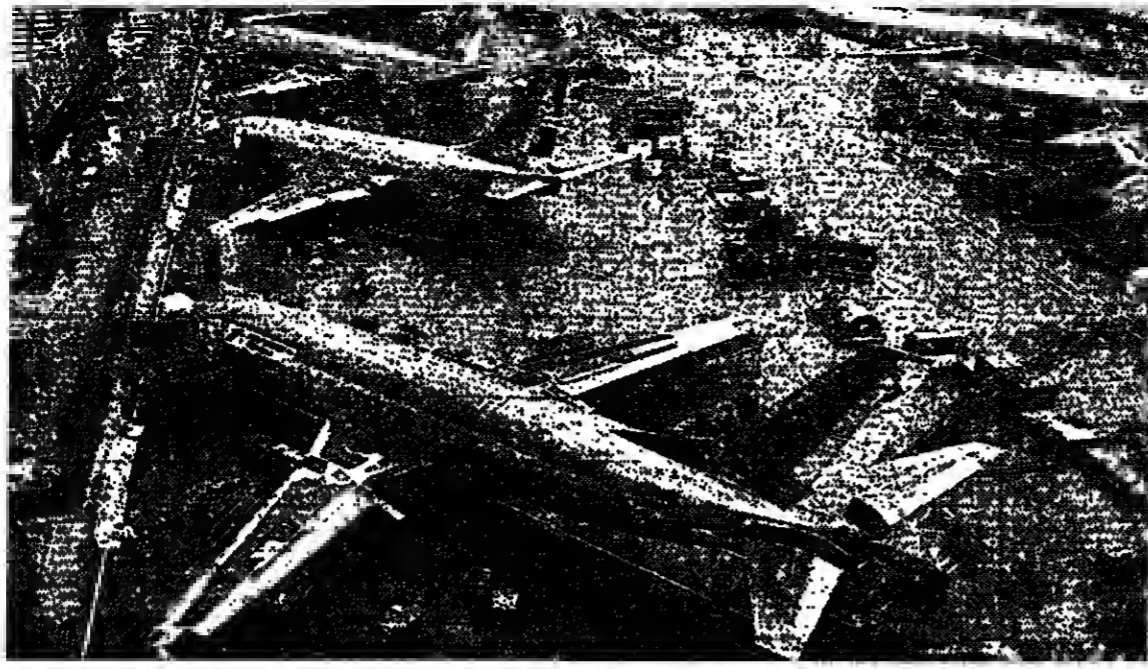
The Auburn example indicates a fundamental problem facing manufacturing companies, especially in the US and western Europe. Although the new techniques cut costs and improve production flexibility, they require a big shift in culture.

To run automated systems with any degree of success, companies need graduate level engineers on the shopfloor. They need detailed statistical breakdowns of their production costs. They need strategic manufacturing plans. They need to redesign products. Much of this simply does not fit in with western industrial culture.

Many western manufacturers rushed into automating their factories in the early 1980s, ran into trouble and turned away from FMS towards simpler systems.

However, the Japanese and to some extent the West Germans, who both made a slow start in manufacturing automation, are now beginning to pull ahead.

Japan has a huge stock of conventional machines. Of its 600,000 production machines, only 11 per cent are computer controlled. The down-



Boeing's Renton plant, where a new 737 rolls out of the assembly hall every day and a half

computer but operate separately from everything else in the factory. The Japanese have many production plants where there is electronic ordering of materials. But they have shied away in droves from Cim. The concept seems to have failed to take off anywhere, even though some clever factory-wide packages do exist. Systems integrators and equipment suppliers have instead lowered their sights to individual operations within factories.

Allen-Bradley has a plant with an integrated assembly system in Milwaukee, Wisconsin, which - with just 13 technicians and machine minders - produces 600 electrical components an hour in almost 800 product variations. Producing small components with many variations is the most suitable type of production for Cim. But these types of plants are few and far between.

The automation issue of the moment is FMS versus cells. Frightened by the cost of FMS, worried about how to organise the feed of materials and lacking the technical expertise to run the system, many companies have simply backed off.

The US machine tool sector, which tried to lead manufacturing industries into FMS, has itself been sliding away from it. Cross and Trecker is closing its components facility at Georgetown, Kentucky, and splitting the FMS into cells for other plants. This leaves Ingersoll, which has an outstanding plant at Rockford, Illinois, and Mazak of Japan as the only machine tool makers with US plants that use FMS.

Cells are perfectly adequate production systems for some components and some factories. But Yost says that the penalty in manufacturing costs of not transferring production to FMS where it can be done is often high. The other problem is that a shopfloor designed around cell manufacturing is difficult to convert to FMS.

Manufacturing costs are becoming ever more important in the battle for market share. This brings us back to Boeing. A marvellous organiser of its assembly operations, management openly concedes that Boeing's manufacturing is no where near as cost efficient as it should be.

Airbus has become a significant competitor. The Japanese, who already provide a lot of the electronics for Boeing planes and many of the fuselage sections, have a long-term aim to manufacture large jets. Their aerospace industry could grow from its current annual sales of \$7bn to \$30bn by the end of the century, according to a report by consultants Booz Allen & Hamilton.

At the moment Boeing is engaged in a long programme of re-examining how it does things. But for successful businesses - Boeing has more than 60 per cent of all jet liner orders this year - there is an added problem.

Sound broadcasting lobby proves a point on a bus

By Paul Godden

THE European Broadcasting Union (EBU), Eurovision's parent organisation, has demonstrated that high quality sound can be broadcast by satellite.

During tours around Geneva, in Switzerland, bus passengers heard stereo sound of compact disc quality, without the occasional fading usually associated with stereo reception in a moving vehicle.

The demonstration was part of a campaign by some of the EBU's member countries for frequency allocation for a satellite sound broadcasting system. Their efforts were aimed at delegates attending the International Telecommunication Union's World Administrative Radio Conference.

The joint developers of the system, CCETT (Centre Commun d'Etudes de Télédiffusion et Télécommunications) of France and West Germany's IRT (Institut für Rundfunktechnik) simulated satellite sound broadcasting under what they said were adverse conditions.

First, reception in a moving vehicle in an urban environment is notoriously difficult. Second, instead of using a satellite, the demonstration was via a transmitter on a nearby mountain, giving an elevation angle of some three degrees as opposed to the 15 degrees or more which would be experienced with a real satellite.

The system is digital and uses two techniques, coded orthogonal frequency division multiplex (COFDM) and masking adapted

sub-band coding and multiplexing (MASCAM). This combination overcomes the problem of echoes caused by signals travelling by different paths and reduces the amount of information that must be transmitted.

The COFDM coding and decoding allows multi-path echoes to contribute to reception instead of impeding it. This efficient use of the radio spectrum means that the satellite can have a low-power transmitter.

MASCAM coding is based on the psycho-acoustic properties of the human auditory system. Tests have shown that people are, generally, unable to tell the difference between a MASCAM coded/decoded signal and a live studio signal.

Compared with current compact disc players, which transfer data at a rate of 70,000 bits per second, the MASCAM signal is about 130,000 bits per second - this would allow a compact disc to have six hours' playing time instead of one hour. The proposed system would give each country a total of 16 CD quality radio channels (with a total bandwidth allocation of 84 MHz).

The CCETT is also working on a high-definition television system with total "surround sound", with seven to 10 audio channels to give a feeling of being at sports events and the like.

The specialists at the ITU conference have recommended that a decision be taken on such a service at a future conference, as the present one has no mandate in this area.

The culture shock of automation

Nick Garnett examines new cost-cutting manufacturing techniques and the problems that come with them

at-heel jobbing shop lives on. But among its most advanced manufacturers, technical developments in production are proceeding rapidly. In 1985 Japan had 135 FMSs in basic engineering companies. This has nearly doubled to 254, according to the Japanese magazine, Metalworking. This compares with about 20 in the UK.

Two questions about the balance of power between manufacturing nations emerge from this: Is a new wave of low-cost flexible manufacturing, allowing greater product and model variation, about to emerge from Japan? That country is already an excellent low-cost manufacturer, principally of large volumes of standardised merchandise with "optional extras" built in to help reduce manufacturing costs. Where does this leave the supposed revival of smokstack America? Plants are loaded with orders now, mainly because of the high demand for industrial products and the impact of currency movements. But many US manufacturers are

inefficient and have little concept of how to measure factory performance. Some are installing FMS but, in a computer culture, the best American engineers would rather work with VDUs than shopfloor machinery. With some notable exceptions, such as the Ford motor company, these are common characteristics.

Larry Yost is operations vice president of the industrial control group at Allen-Bradley, the Milwaukee-based supplier of programmable logic controllers, computers and other equipment used in factories. Ask him whether smokstack America is making a sustained return from the miseries of a few years ago and his face looks troubled.

"Some good things are happening. Strategic thinking is coming in the US, but very slowly. I get the sense that in Europe there is a better understanding of all this. Meanwhile the Japanese are clearly taking the flexibility route," he says.

Bob Douglas, president for engineered systems at Litton Industries,

the factory automation and equipment supplier based at Florence, Kentucky, says the position of many US companies has worsened. "I do believe that US manufacturing companies have reduced their staff counts over the past 10 years and, as a result, engineering types found in shopfloor operations have been displaced."

There are three levels of factory automation:

- Computer Integrated Manufacturing (Cim) is a total system. This involves customer orders arriving electronically and an integrated computer system running the production operation from start of assembly to final dispatch.
- FMS involves the computer linking of several production or assembly machines, usually with an automated handling system.
- The simplest form of automation is known as cell manufacturing. Each cell is made up of one or two cutting machines connected to a robot or simple handling equipment. The cells are programmed by

Mobile graphics studio helps keep company productions up to date

By Paul Abrahams

A UK VIDEO company has introduced a mobile graphics studio which can be linked to in-house production facilities.

The studio, owned by the Norwich-based Travelling Mattie Company, can create graphics for title sequences, animated and stationary graphics and captions for the presentation of company results.

Robert Harris, founder of the company, says that nearly 50 per cent of the UK's top 100 companies have in-house video production facilities. But they are unwilling to invest the amounts needed for the latest graphics equipment.

"The trouble is that analysts watching results videos now expect high quality graphics, similar to those they have seen on television," says Harris. "But the technology to produce that quality of output is changing so fast that companies need to invest about £100,000 every

two years. The mobile studio provides the necessary facilities at a fraction of the cost," he says.

The Mercedes van used to house the studio contains a Spaceward Matrise graphics computer system, a rostrum camera and a Sony video printer. The van can also be used as a video studio for recording and output to video, slides or a printer.

Diane Wright, audio-visual controller at Norwich Union, the UK insurance company, says: "Our videos show the company's financial results and can be quite complicated. They also need to be updated on a regular basis."

"Rather than going to post-production companies in London or Milton Keynes, we can do the alterations in our own building."

The Travelling Mattie Company has increased its annual turnover from £3,000 three years ago to £80,000.

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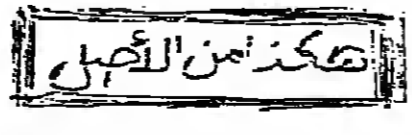
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## THE PROPERTY MARKET

Paul Cheeseright looks at how chartered surveyors are reacting to the regulations of the Financial Services Act

## Fitting more comfortably into a new world

The big London chartered surveyors are being forced to come to terms with a new world - the web of financial regulation which controls investment business under the Financial Services Act.

The trouble is that investment, as surveyors traditionally understood it, is not the same as investment understood by the Financial Services Act. Property investment as such is not covered by the Act, but property investment linked with other investment, is.

So a lengthy series of discussions is in train to try and fit the surveyors more comfortably into a system of regulation which was not formulated with them in mind.

Two things happened to bring about this state of affairs. The first was the passage of the Act itself and the framework of regulatory bodies that it spawned - the whole designed to regulate the conduct of investment business, like securities dealing and financial advice.

The second was the change

in techniques of property financing - the larger role of the banks, the elaboration of funding packages for development, the likely establishment of a market in securitised property and the acceptance by surveyors that, if they did not play a part in it, then somebody else would.

Playing such a part inevitably meant that at some point the activities of chartered surveyors would fall within the scope of the Act. This led 24 practices to seek membership of The Securities Association (TSA), one of the five self-regulatory organisations under the Securities and Investments Board, the key instrument for regulating investment business. So far, 19 have been accepted.

The 24 are the largest chartered surveying practices, but it was not clear at the start of this year what parts of their business fell into TSA's ambit, nor how they would handle compliance with TSA rules. So they got together, set up working parties and engaged the TSA in a dialogue.

The surveyors have an infor-

mal committee, based on representatives from Chesterton, Debenham Tewson and Chinnocks, Richard Ellis, Jones Lang Wootton, Hillier Parker and Weatherall Green & Smith, which has been engaged in talks with TSA. Now, five months after the Act came into force the position is clearer.

This starts with the nature of the business covered by TSA regulation. Buying and selling property does not come into it, but managing money for clients and advising on the merits of property as an investment relative to other forms of investment does. The whole field of activity in unlisted property is covered, as is any activity beyond property valuation related to mergers and acquisitions. Arranging loans on land and buildings does not come into TSA regulation, but advice on bonds and instruments to manage interest rates is covered.

All of this represents a small but developing section of surveyors' business, which can only be carried out legally by those authorised by TSA. So the surveyors have been set-

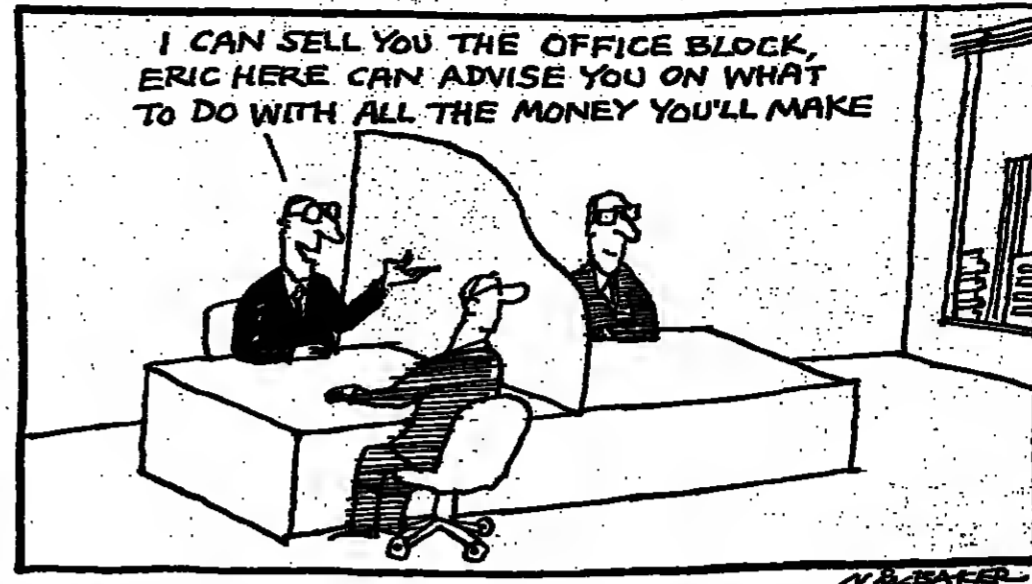
ting up separate financial services companies to handle it. What they have not done is to seek authorisation for their whole practice. The financial services companies, authorised by the TSA, are housed in a separate location from the other sections of the business.

"Our key compliance problem is ensuring that that work which should be done by the financial services company is not done by the major body of the kirk," said David Piggott, of Chesterton, who has been playing a leading role in the talks surveyors have had with TSA.

So compliance manuals are springing into existence. There tend to be two. The first covers everybody in a practice. That at Jones Lang Wootton, not dissimilar from those in other practices, sets a code of conduct for matters as diverse as keeping clients' information confidential to conflicts of interests. The second is for the financial services company and is modelled on TSA rules for the conduct of business.

But there is a financial angle to all of this. TSA demands

that those it authorises have adequate capital. The amount of capital that is deemed adequate is related to turnover. One reason financial services companies have been set up is precisely to keep the turnover down and the capital requirement low.



fact that surveyors are generally dealing with companies which know perfectly well how to look after themselves.

Six months ago, recalled Mr Piggott, "everyone regarded it as a burden, a pain. If you ask us now we would say that there is not an increase in our overall turnover but we do generally believe that there is money to be made in this market."

In other words, the surveyors are learning to live with the system. This is partly because surveyors and TSA have learnt something about each other. "Surveyors have been fairly pleased with the level of co-operation from TSA and we hope to establish a *modus vivendi* between very

different types of business," said Colin Vaughan of Debenham Tewson and Chinnocks.

The TSA, evidently prepared to accept that its model letter is not suitable for surveyors, now has a new draft in front of it, prepared by surveyors, which is shorter, less complex and user-friendly. It will probably accept its use.

The second area where TSA is likely to grant a waiver is in financial reporting. The general system has been designed for businesses like stockbroking where there is a constant series of transactions and calls for returns once a month. Surveyors are on the fringe of all this and there is the distinct possibility that TSA will adapt the rules for them.

## How the rules will work

Later this month the Department of Trade and Industry regulations covering investment in single asset property vehicles - the unlisted property market - will be laid before Parliament. By November there will be no reason why the new market should not start.

This is of key importance to surveyors and not only because it will add a new element to property financing. Any advice they give on single asset property schemes, any market making they do, any research into the vehicles themselves, any advice on flotation of the issues, any action they take as a trustee or an intermediary for the schemes will fall into the pattern of regulation set up in the wake of the Financial Services Act.

The first issues of property income certificates, giving an entitlement to a share in the rental income and running of a single property, will probably be launched before the end of the year. Even under the most optimistic predictions, the market will take time to gain momentum and launch prospects have not been enhanced by false hopes for its inception raised and dashed for nearly two years. But it is the meeting point for the property and securities markets.

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## Why FI is contracting to expand

Hilary Cropper explains to Michael Skapinker her approach to re-focusing her systems house without damaging a key strength - its culture

Last year Hilary Cropper's company, the FI Group, received one of the business world's most coveted accolades. It became a case study at the Harvard Business School.

Cropper, the UK computer software company's chief executive, flew to Boston to watch the case being taught for the first time. With her was Stephanie (Steve) Shirley, who founded the company in 1982 and staffed it with programmers working mostly from home.

The two have a high regard for one another. Shirley headhunted Cropper from ICL, the British computer company, in 1986. Cropper became chief executive last year when Shirley stepped down as managing director. Shirley still sits on FI's board, but now devotes more of her time to community work.

"Steve is a great entrepreneur, a huge strength for this company and will always be its conscience," Cropper says. But, she adds, Shirley was well aware that she didn't have the skills to take the company to the next stage of development. She very deliberately sought out someone like me with my work record."

That record included senior management experience at ICL. Cropper also set up ICL's own network of home workers, which was itself

inspired by the success of FI. Cropper believes, however, that all the publicity about FI's overwhelmingly female, home-based network might have given people the wrong impression about what the company does.

"Our image in the past has been of a cottage industry. When you have people working from home, you kind of attract that image and it sticks to you. But we are a very serious professional systems house," she says. FI, which has its head office in Berkhamsted, Hertfordshire, employs over 1,000 people, all working at least 25 hours a week. Its client list includes the National Westminster Bank, Avis, Tesco and Sun Alliance. Turnover rose 43 per cent to £15.5m last year, while operating profits increased from £459,000 to just over £1m.

As well as trying to update its image, FI has changed its name. It used to be called F International, but this year's sale of the company's only remaining non-UK business, in the Netherlands, made the 'international' part of the title inappropriate. The group pulled out of the United States in 1985 and sold its Danish business in 1986.

Cropper intends to concentrate on the company's home market before venturing abroad again. The prob-

lem with FI's international expansion in the past, is that "it was done on the basis of trying to spread the culture, without thinking through how to enter markets which had become mature."

"What's clear is that we are in an industry that's changing. Systems houses are becoming international and becoming the possessions of large organisations. If we want to survive in that storm of activity we've got to concentrate on our own market."

She says that the company has to look for business and serve its customers in a more organised and systematic manner. In the past, Cropper says, groups of FI staff in different parts of the country tended to see themselves as small, autonomous companies.

Most of FI's people joined the company because they had young children. As well as being attracted by the flexible hours the company offered, they did not want to travel too far to visit customers. "What they were tending to say is that because we're local, we've got to find business locally," Cropper says.

The company found, however, that customers were increasingly asking FI to take on larger projects, designed to provide more comprehensive solutions to their informa-

tion technology problems. Although that presented a threat to FI's localised approach of doing business, it also, Cropper says, presented the company with an opportunity.

In the past, programmes worked either at home or at the client's premises. "But as the clients give you bigger pieces of work, they don't want you on the premises. They've got no room for you. So the work doesn't have to be on your doorstep."

FI can now undertake to do work for a client based in one part of the UK, and set up a team to carry out the work in another. At the moment, for example, the company is doing some work for Access, the credit card company. But instead of looking for FI programmers who live close to the Access headquarters in Southend, part of the work is being done in Berkhamsted. "That way you can really take work to the people rather than taking people to the work," Cropper says.

To assist the process of taking the work to her staff, Cropper intends to increase the number of FI offices around the country from eight to 20. At present, a typical FI programmer spends 40 per cent of her time working at home and 60 per cent in an office, usually that of the client. Eventually, she hopes most of the

work away from home will be done in the FI office closest to where the programmer lives.

To help the company land more work, FI set up a national sales force in 1986. Cropper will not say how large the sales force is - "I think our competitors would like to know" - but its members work from their homes and local FI offices, communicating by electronic mail.

She admits that not all these changes have been easy to institute. "I would say this is a company with a very strong culture. There's a very high degree of individual commitment to the job and to the other people in the company. There's an eagerness to work and, to some extent, a perfectionism."

"On the other hand, there's a downside. There's a reluctance to change. To some extent you get the old culture trying to hold you back. In a technical sense, FI people change all the time and are very thirsty for learning. But I think there's a sort of fear that some of the things they value in the culture may come under threat, that if the company is to survive in the long term by being aggressive in the market and growing very fast, that that will swamp the company."

Cropper does not see the compa-



Hilary Cropper: a more systematic approach

ny's culture as being under threat. She believes the working methods it has pioneered will become increasingly important as the number of British school-leavers falls and the country begins to experience a shortage of personnel. Other companies will also have to look to mothers at home and retired people to fulfil their staffing requirements.

To emulate FI, she argues, those companies will have to rid them-

selves of their belief that the only way to control people is by insisting they come into the office every day. In many areas of work, it is possible to judge people by the quality of their output, rather than by the number of hours they put in. "You really are measuring by results," she says. "Whether domestic is there from nine to five, and whether or not you can see them, doesn't affect how productive they are."

It is a little more than a year now since the Scottish-based Weir Group bought the large pump manufacturing arm of Mather and Platt, a once great name in the annals of British engineering.

A strategic acquisition, it consolidated Weir's base in the UK, removing the threat of a takeover of Mather's pump activities by a foreign competitor. It also took out the competition posed by a rapacious price discounter which had habitually upset UK pump pricing.

The importance of the deal, though, was not just about the market. It also involved a clash of management cultures.

Mather's straggling 55-acre site in Manchester, half of it covered, had been owned for the previous ten years by Wormald International, the troubled Australian industrial group. Wormald had little knowledge of the pump business. As a manufacturer of fire protection equipment, it was more interested in Mather's

## Pump-priming 'ruinous' management systems

Nick Garnett reports on Weir Group's shake-up of the engineering subsidiary it bought from Mather and Platt

fire protection interests (which are still owned by Wormald). For years it was rumoured that Wormald wanted to sell Mather's pump operations. A year earlier, Mather's managers had actually offered £10m for it. Wormald ended up offloading it for £10m.

Weir, on the other hand, an aggressive but rather dour company to the pleasant Glasgow suburb of Cathcart, is a pump maker through and through. It has other strings to its bow but as Europe's third biggest manufacturer of pumps after KSB of West Germany and the Swiss company, Sulzer, its health still depends overwhelmingly on the pump market.

Since the purchase, Ron Garrick, Weir's managing director has been very critical of what

his managers found in Manchester, a site which they initially thought of shutting. That was a hardly surprising possibility. Former Mather managers say the dingy and rather down-at-heel factory was costing £400,000 a year just to keep the fabric of the building intact. The shopfloor productivity system was "ruinous", says Garrick.

Lack of cost controls was endemic and there was an absence of communication between departments that left everyone blind to what colleagues were doing. Garrick is also scathing about the level of investment at Manchester.

Wormald accepts many of these criticisms. Most of the senior managers running the Australian group during the Mather ownership have been

custodians in two recent management upheavals in Sydney.

But a spokesman for Wormald in the UK said the group did not understand the pump business which it left in the hands of local management. Wormald did not have the management controls to cope with the operation and that is why it sold the business.

He refutes a Weir allegation that Wormald never put anything into Mather. It spent a considerable sum on metals technology and on the foundry, for example, and Weir accepts that one of the rewards of the purchase was Mather's special steel technology.

The decline of Mather was a sad affair because in the past it has been a tremendous training ground for managers in the pump business. Former Mather

managers include the present heads of UK operations for pump companies Sulzer and Worthington Simpson, the managing director of SPP Pumps and the president of Dresser Pacific Pumps in Los Angeles.

At the takeover, though, Mather was a declining force. Many in the industry believe Weir will eventually shut the Manchester operation. This Weir denies and is pressing ahead with the completion of its rationalisation plan.

Since the purchase, Weir has cut the workforce from 1,000 to 800, moved production of some pumps to Glasgow and transferred much of Mather's engineering research capability to Weir's Scottish development facility at Alloa. Distribution and servicing networks are

being merged.

Much of the focus of attention, though, has been on improving the performance of Mather's manufacturing plant. Weir says that it found deliveries of pumps from Manchester were on average more than 20 weeks late, with some of the bigger units up to a year behind schedule. Only a half of output was delivered on time.

An audit following acquisition revealed that Mather often took between 50 per cent and 100 per cent more man hours to complete a pump than Weir's Glasgow plant.

One reason for this, says Weir, was gross slackness in time measurements used on the shopfloor. Time allowances for completing individual machining jobs were 25 per cent more generous than at

Glasgow.

Garrick says there were no proper controls on the timing of a job through the plant, on monitoring progress of a project or on costing. "We have put in cost control procedures and these are reviewed every month for every project through its life. It is terribly mundane and boring, but it works a treat."

Weir says the bonus payment system was a shambles and damaged productivity. Some changes to the system have been introduced and others are being discussed with shop stewards.

"A lot of the people at Manchester are really first rate. I think they just needed a lead," says Garrick.

One key to this has been the old chestnut of getting people

to talk to each other. "We've used the mob meeting approach that we use up here in Glasgow," says Garrick. "Once a week representatives from each department meet together on the big contracts. It's only common sense getting communication going across divisions but Mather did not have that."

The benefits from reorganisation so far are dramatic, according to Weir. Average lateness in completing orders has dropped to less than one week. Just over 90 per cent of products are delivered on time, still below the 95 per cent achieved in Glasgow. Weir says that by the autumn it should soon be able to produce the same item at both sites for the same cost and in the same time.

The Manchester facility still has several acres of unused covered space. Weir says it has no plans to shut it. But it is anxious to find new manufacturing activities to house there.

# Some companies still maintain a peculiar stance on open systems.



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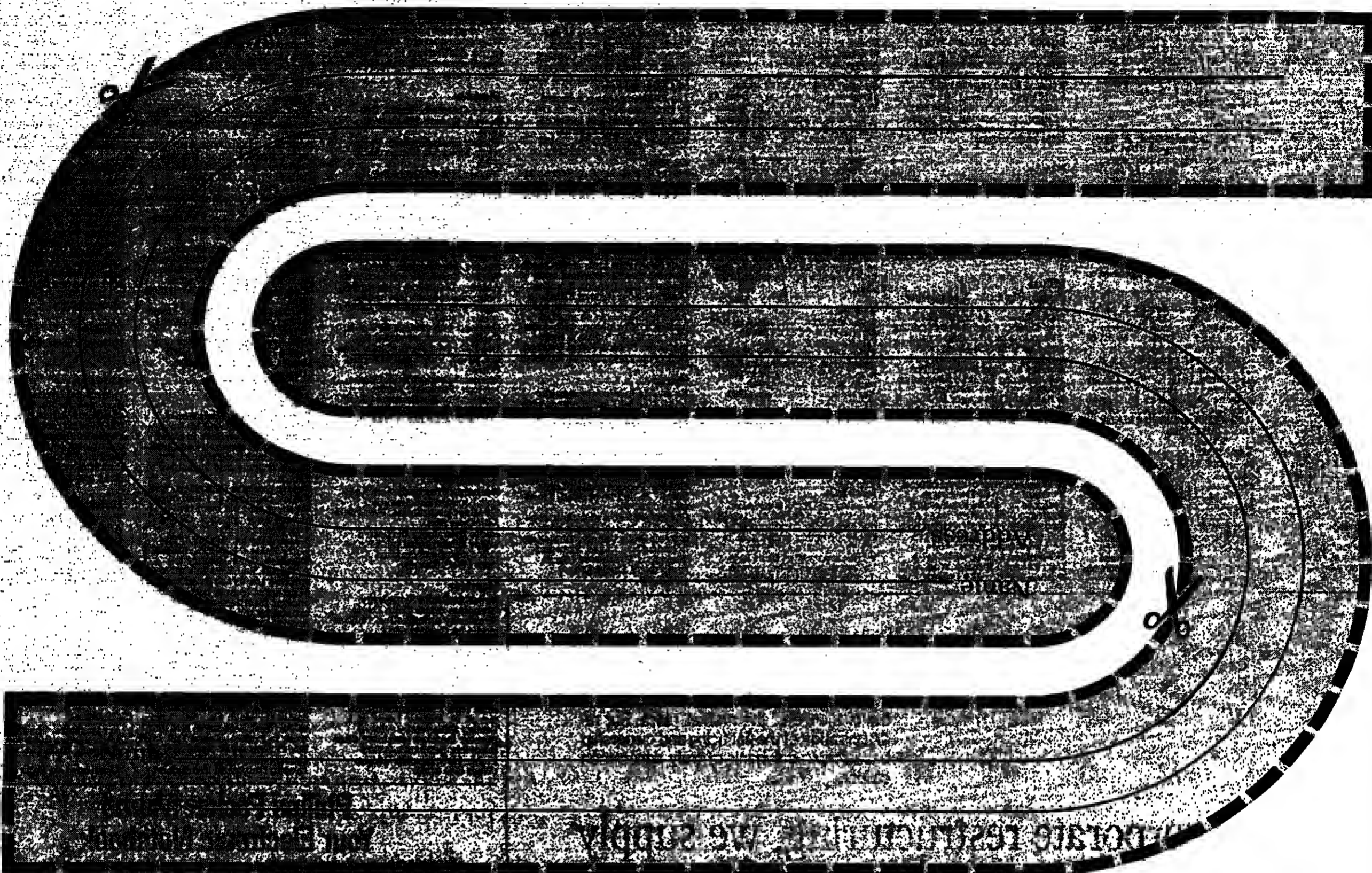
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ARTS

Arts Week

Opera and Ballet London

Royal Opera, Covent Garden. The new production of Wagner's Rheingold is by Yuri Lyubimov...

English National Opera, Coliseum. Thurs of the ENO's less successful recent productions make up the week's schedule...

Paris. Opéra. Rigoletto conducted by Alain Lombard/Alain Guingal returns to the Palais Garnier...

Hamburg. Der Barber von Sevilla, Staatsoper. Stars Janine Hall, Yoko Kawahara, Alejandro Ramirez...

Cologne. Turandot, Opera. Olivia Stapp outstanding in the title role, the cast also includes Hubert Mohler...

Vienna. State Opera. In repertoire: Lucia di Lammermoor conducted by Rocco Sacconi...

Bonn. Semiramis, newly produced by Pier Luigi Pizzi highlights the week with Cheryl Studer...

Frankfurt. William Furey's ballet. Impressing the cast, it is revived. John Cage's Europæus 1&2 takes the lead...

Berlin. Fidelio, Deutsche Oper. A Jean-François Pennelle production conducted by Hans Hollnagel...

Moscow. Teatro Olimpico, Piazza Gentile da Foligno. The ISO Dance Theatre of New York...

London. Lyric Opera. Civic Opera House. Donato Razzetti conducts Miriam Galai as Lisa and Frank Lopez...

Tokyo. Bolshoi Ballet, Koseinenkin Hall. Golden Cella (Wed), Giselle (Thurs) (235 1881)...

Paris. Ensemble Intercontemporain conducted by Kent Nagano, with Anna Stenigron...

Frankfurt. Hermann Frey recital with pianist Leonard Hokanson all Schubert programmes...

Munich. Bavarian Radio Symphony Orchestra under Colin Davis...

New York. Boston Symphony. Seiji Ozawa conducting, Stanislav Bunin piano...

Florence. Teatro Comunale. Verdi's Simon Boccanegra opens season...

New York. New York City Opera. State Theatre, Lincoln Center. The week features Jay Rhee's Rasputin...

Chicago. Lyric Opera. Civic Opera House. Donato Razzetti conducts Miriam Galai as Lisa...

Tokyo. Bolshoi Ballet, Koseinenkin Hall. Golden Cella (Wed), Giselle (Thurs) (235 1881)...

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Hall, Queen Elizabeth Hall, Percussion Room. (928 3191).

London Symphony Orchestra with Vladimir Spivakov (conductor/soloist)...

Whittensbergisches Chamber Orchestra conducted by Jörg Faerber...

Vienna. Rudi Quast. Haydn, Beethoven, Mozart. Musikverein (Fri)...

Wiesbaden. Wagner Philharmoniker conducted by Claudio Abbado...

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Mrs Dot

PALACE THEATRE, WATFORD

The Watford Palace opened in 1908 and has unearthed an early Somerset Maugham farce dating from the same year. It celebrates its 80th birthday. It provides an amiable piece of Edwardian frivolity that Wendy Toye has staged with no concession to modern expectation.

Mrs Dot is one of four plays Maugham had presented in the West End in 1908, the year of his breakthrough as a dramatist. *Lady Frederick* is better known, but as usual Maugham made no great claims for any of them. They were constructed to suit managers' requirements and popular taste and written, as he said in the 1931 preface, to be produced rather than read.

Mrs Dot was the biggest hit of the four, thanks to Marie Tempest playing the lead, a brewer's widow who has set her sights on Gerald Halstane, a bespoken young heir to the peerage and a reasonable fortune. Mrs Dot has to divert Gerald from Nellie Sellinger and her battle-axe mother while simultaneously juggling with the polite devotions of a bachelor cynic and young Freddie, her secretarial nephew.

It is interesting to see how Maugham treats this light-weight manipulative successor to Shaw's *Kitty Warren* and Pinero's *Paula Tanqueray*, a woman with less of a past and more of a future. Wendy Toye echoes, too, but as Anthony Curtis noted in his invaluable study of Maugham, there are clear indications here of where Maugham would take his marital comedy of sudden passion and elopement in the subtler ambivalence of *The Circle*.

Freddie and Nellie make a dash for it after tentative and very funny approach work, and Mrs Dot triumphantly wields a poker and kitchen knife after degutting the engine and ripping the tyres of another get-away vehicle. Gerald thumps his nose in paroxysms of laughter at his thwarted mother-in-law while the cynical Bleekieop, played with hilarious disdain by Roland Curram, shrugs off Mrs Dot's romantic assault with the reflection that even in the grave a feminine worm would

make a dead set at him. This comic tumult is well organised by Wendy Toye on a riverside garden set by Michael Annals of escapist greenery, turreted white walls and rambling pink roses. The mood of nostalgic artificiality is enhanced by plerotic-costumed stage hands changing the scenery in marching time to wispy old Edwardian music hall songs.

This might have proved unbearable without Janet Dale as Mrs Dot, bustling on in snug-fitting turquoise and feathered hat to organise her destiny and dispose of the opposition ("I'm more amusing, I'm better dressed, and I've got five motor cars"). She appears because, unlike everyone else on stage, she is motivated by necessary considerations, and Miss Dale, on sparkling form, exudes an unbridled appetite for farcical sport.

Even at this early point in his career, Maugham's structuring is near flawless. Miss Toye is wrong, therefore, to dispense with a second interval. Madame Newbury is a Bracknellish Lady Sellinger Gordon Lovitt a scheming twitwit Freddie, and Steven Mann as Gordon a stiffly eye-popping beneficiary of his cousin's misfortune at the North West frontier in India.

Michael Coveney



Janet Dale

Moses und Aron

FESTIVAL HALL, RADIO 3

The South Bank Centre's Schoenberg celebration is upon us, and "The Reluctant Revolutionary" will thread its way through orchestral and chamber concerts until January. The series was launched most memorably on Wednesday by the BBC Symphony Orchestra, when John Pritchard conducted a concert performance of *Moses und Aron*.

The opportunity to hear everything Schoenberg preserved is an immensely valuable one, and the survey promises some fascinating events. *Moses* was not, in theory, likely to be one of them; few operas can receive more concerted performances in proportion to its modest scale. It is a piece whose tendency towards oratorio exceeded less. But much of Pritchard's account created genuine theatricality — after a careful, unpromising opening scene, dramatic energy began to course through every set piece.

tion for the soloists. The long and intricate scene which closes the first act, a minefield of interlocking ensembles and solo lines, never lost its shape or direction and the tension of the second act was sustained even in the aftermath of the Dance round the Golden Calf and the closing passage, so often an anticlimax, had a genuine feeling of dramatic sufficiency.

Heading the cast were Gunther Reich and Philip Langridge, arguably the finest contemporary interpreters of the title roles. No one handles the "inarticulate" *Sprechgesang* given to Moses with greater comprehension, or squeezes from it more expressiveness than Reich, while after recording the opera with Solti and appearing in last year's Salzburg production Langridge now has the full measure of Aron, able to complement suave cunning with sensual appeal. All the lesser roles were vividly taken, with Gregory Reinhart's Moses, Penelope Walton-Clarke's Miriam and Neil Archer's Young Man in the first act models of uncomplicated directness.

Andrew Clements

Russian links renewed

Christie's was peevish when Sotheby's snatched the initiative and held the first ever auction of contemporary Soviet art in Moscow in July. It raised £2m and was judged a success, except by the artists who did not get the hard currency they were promised for their pictures.

The chagrin of Christie's was built around the fact that it had always had strong Russian links. In 1778 founder James Christie negotiated the sale of Horace Walpole's pictures to Catherine the Great, and in 1907 the Soviet Government disposed of a massive 1,742 piece banquetting service through the saleroom for £65,760.

Yesterday Christie's reasserted itself and held a massive Russian sale of almost six hundred lots, ranging from 19th century imperial furniture to post-revolutionary propaganda. The morning session totalled \$52,778 with 16 per cent unsold. There was considerable interest in the propaganda porcelain of the 1920s when blank imperial factory plates were decorated with revolutionary designs. A dish painted in 1921 by Aleksandra Shekhotikhina-Pototskaya, showing a bellringer backed with the slogan "Long live the 8th Congress of the Soviets" sold for \$30,900 as against a top estimate of \$5,000. Surprisingly the most

important plate, a dish inscribed "Antographs of Activists of the Great Russian Revolution" was unsold at \$7,000. It carries 17 names, headed by Lenin, at least five of whom were purged by Stalin. A pair of silver mounted nephrite two light candelabra by Fabergé, made around 1890, were well above target at \$27,400 while a trophy shaped silver samovar on a stand made in 1845 for a lady in waiting at the court of Nicholas I, trebled its estimate at £15,400. The main casualty in the morning session was an early 19th century needlework carpet, 146 inches by 122 inches, with floral scenes, which was unsold at \$20,000.

In the afternoon Malévich's own lithographic book "Suprematism: 34 Risunika", produced in 1920 with 34 drawings, was inside its estimate at \$60,500, and eleven zincographs by El Lissitzky, based on the Tale of the Goat, almost doubled their estimate at \$30,800. A diamond hair ornament made by Cartier in London in 1930 sold for \$88,000 at Sotheby's. Hair ornaments by Cartier are very rare. Sotheby's coin sale topped £1.1m, a record for a mixed order collection at this auction room, with around 10 per cent unsold.

Antony Thorncroft

October 7-13

Washington

Picaresque life on the road

Midnight Run and Bagdad Cafe are both road movies in their disguise. A road movie is a wondrously paradoxical thing, its chief characteristic being that it need not keep to the road at all. Deviation and digression are its lifeblood. All we need is the odd glimpse of shimmering highway, the odd sniff of dusty tarmac, and then we are happy just with the sense of someone struggling from A to B across vast landscapes, by multiple means of locomotion, and against high-impact odds. The first "road movie" after all, was Homer's "Odyssey", no roads featured at all, just the wine-dark, hero-defying highways of the sea.

of friends and helpers (including Jack Pallance as an ex-Hollywood set-painter turned amateur actor), and our even weaker tourist heroine *Sagebrush*'s outsider Marianne Sagebracht who wandles in off the road one day, pitches suitcase and becomes the establishment's resident Spirit of Teutonic Eccentricity.

Midnight Run is a chase thriller which gleefully devours the polymorphous vistas of America, from Chicago high-rises to Red Indian shanty settlements. The human date on this landscape are Robert De Niro, ex-Chicago cop turned down-on-his-bounty-hunter for a Los Angeles bail-bond company, and his captive Charles Grodin, ex-Mafia accountant turned hell-jumping fraud defendant. Grodin stole \$15m from the Mob (giving most of it to charity), then fled to New York on the eve of his trial. Now De Niro must find him and bring him back to L.A. Any and all transport methods available — plane, train, bus, car — may be used. And he must also fight off two ideal Grodin-seeking partner boys on the hunt for the FBI (Yaphet Kotto) and a fellow bounty-hunter with a grudge (John Ashton).

- MIDNIGHT RUN  
George Gallo, Martin Brest
- BAGDAD CAFE  
Percy Adlon
- AU REVOIR LES ENFANTS  
Louis Malle
- THIRD LESBIAN AND GAY FILM FESTIVAL

Forget the plot. It is the pretext for a picaresque comedy of character (script by George Gallo, direction by Martin Brest of *Shogun's* *Cop*) for a trip through the eye-ravishing splendours of American scenery (photography by Donald Throbn) and for De Niro and Grodin to do comic acting in style.

It is the age of AIDS, Clause 28 and other clamorous disclaimers to the love that dare not speak its name, the National Film Theatre determinedly mounts its "Third Lesbian and Gay Film Festival." Lasting four weeks from next Tuesday and packing in 20 programmes by 40-odd film-makers, it shows there are still some rebellious people in this world who believe in freedom of speech, freedom of artistic expression and freedom of sexual persuasion. The films — fiction and non-fiction, long and medium — come from lands as diverse as America, Australia, Thailand, Israel, France, Canada, West Germany and, yes, even Britain. Quality in plenty, controversy guaranteed: book now while such films can still reach our screens unscathed.

Louis Malle's *Au Revoir Les Enfants* wants our hearts to melt to order. Monochlorite of life in a French Catholic boarding school in 1944, 12-year-old Julien (Gaspard Manesse) is our Malle alter ego, folding a solicitous wing around mysterious new boy "Bonnet" (Raphael Fejtó), who turns out to be a Jewish orphan hiding out from the occupying Nazis.

The good news: Malle has returned to

ARTS GUIDE

Continued from Page 16  
**Tokyo** Tokyo National Museum. Japanese Archaeology: History and Achievements. More than 30 exhibits tracing the history of archaeology in Japan. Begins October 4. Closed Mondays.  
Hara Museum of Contemporary Art, Shingawa. Oil paintings by Tamiya Chūnō, now regarded as one of Japan's most abstract artists. Closed Mondays.  
National Museum of Modern Art, Genjiya (Inaba). Oil paintings from the 19th and 20th centuries. Closed Mondays.  
**LONDON**  
Rory's (Garrick). Transfer of King's Head revival of early Noel Coward, same period but lesser vintage than Elyse Foenx, but worth seeing (870 6107).  
South Pacific (Princes of Wales). Average, traditional revival of the great Rodgers and Hammerstein musical, with Gemma Craven singing to wash the horizontal line. Rehearsal out of her hair (339 5233).  
The Phantom of the Opera (Her Majesty's). Spectacular, emotionally moving new musical by Andrew Lloyd Webber (839 2244, credit cards 379 6131/340 7200).  
Pelléas (Shaftesbury). Earthy KITT and Millie Martin now decimate Mike Dickson's strong revival of Sandherr's 1971 musical, in which poisoned marriages nearly undermine an old but-lesque rendition in a doomed theatre (379 5352).  
Hogwood (Aldwych). New Tom Stoppard music comedy, romance and higher physics. Felicity Kendal is the eponymous

intelligence agent. Roger Rees and Nigel Hawthorne in elegant support (839 5404, credit cards 379 6225).  
The Admirable Crichton (Haymarket). Rex Harrison as Edward Ford in enjoyable revival of Christie's imperishable comedy of class reversal and reversals on a desert island (330 9922, CC 379 4441).  
Dry Eye (Lyric). Brian Eix returns to the stage after an absence of 14 years in a 1960s farce that celebrates the capture of old England by the arts and opportunities. A genuine classic (437 3886).  
The Snapper (Aldwych). Eight short Chekhov pieces — four translated and adapted by Michael Frayn and performed in various styles by Rowan Atkinson, Timothy West and Cheryl Campbell. Slightly revivified, intermittently funny (836 6404, CC 379 6225).  
Sugar Babies (Savoy). Mickey Rooney and Ann Miller repeat Broadway roles and exhibit stamina and star quality in a mixed bag of coarse burlesque sketches (336 8385).  
**New York**  
Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically sane (239 3362).  
A Chorus Line (Stuber). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used at auditions rather than emotions (238 6200).  
Les Misérables (Broadway). The

magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (329 5200).  
Shogun's Express (Garwin). Those who saw the original at the Victoria in London will barely recognize the US incarnation: the shamus get good exercise on the ground-up stage with new bridges and American scenery to distract from the hackneyed pop music and truncated, silly plot (338 6510).  
Me and My Girl (Marquis). Even if the plot turns on front infancy of Pippinette, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit (947 0033).  
M. Butterfly (Hayes O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220).  
Speed-the-Plow (Royale). David Mamet applies his biting sarcasm and ear for the vagaries of American language to Hollywood, in this seemingly funny and well-plotted expose of the film industry (239 8200).  
Stranger Here Yourself (Public). Angela Row performs two decades of Kurt Weill's songs in a one-woman show covering the composer's careers in Berlin, Paris and New York (588-7100).  
Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Washington  
Les Misérables (Kennedy Center

Sergey Leiferkus

WIGMORE HALL

The Russian baritone gave his first London recital on Wednesday. The usual supplies of superlatives may well run out during this notice, for Mr Leiferkus is both an outstandingly fine singer and — not necessarily the same thing — a complete expert in the voice and piano-meditation. Expectations for the concert were pitched high, and were answered in every detail. There seems to be a love affair going on between the British public and this particular singer — and if the clamorous response elicited on Wednesday is anything to go by, from now on it can only get even warmer.

He is a fantastically equipped singer. The voice is of great beauty, a compass, high baritone of classical French lineage and definition, with a startlingly wide range of colour and dynamics. To this is added a platform presence of protean vitality and chameleon flexibility, the storytelling gifts of a seasoned reciter, and intelligence in abundance. This assurance was that of mystery — one soon relaxed in the knowledge that nothing was likely to misfire or malfunction, and that the vocal means and the artistry were each other's absolute equal: rare experience!

Since in the various British or Irish operas Mr Leiferkus has shown his ability to sing in English, French, Italian and German, one might have expected a programme of multinational character, but there were no regrets that he chose to sing entirely in his native language. The first half was made up of arias, the second of songs, a reversal of tradition

that proved utterly convincing. The characters and the lyrical identities of Borodin's Igor, Chaikovsky's Tomsky, Rakhmaninov's Aleko, and others from Rimsky-Korsakov and Shostakovich were shaped and polished with the barest means.

Some of the music badly lacked in artistry (and this in spite of superbly creative piano-playing all evening by Graham Johnson), yet Mr Leiferkus was able to suggest in his performance not only the full range of the vocal line, but the dramatic purpose of the original accompaniment as well. He has a beautiful register of wonderful firmness for a high baritone; the subtle melancholy of Aleko's Cavatina, which one associates with a Shalyapin, Chaikofski, or Chliantov, was therefore an instance of him using the high tessitura of the Epithalamium from Rakhmaninov's Nera (why only two verses?).

After the interval, the closer focus of the Mussorgsky, Rakhmaninov, and Chaikovsky songs, including the four Songs and Dances of Death, brought musical clarity of finer, subtler kind of interpretation. If one had thought that this singer's ideal occupation was pouring out heroic cantatas, the smooth-spun, dark-tinted gentleness of the Rakhmaninov and Chaikovsky encores must have broadened that perception — and there was the musical comedy of Mussorgsky's "Seminarist" and the patter-tongue Glinka encore to reckon with as well. More, please, and soon!

Max Loppert

The Barber of Seville

COLISEUM

Latecomers to this English National Opera revival, watching it on the large TV in the Dutch Bar, will be asked by puzzlement *That man, scowling under his tight wig, must be Doctor Barbort, but then who is this portly Old Brachiano, rugged and smirking over his multiple chins? Baroa Oelle, surely, perhaps Jonathan Miller, has thickened the plot? Well, not actually it's the delectable young Count Almaviva himself, in the person of Jeffrey Talbot. And Dr. Miller probably has nothing to do with it, since his 1987 production has been "revived" this time by David Ritch.*

For the ENO, however, vocalisation is not supposed to be its own excuse. Rosenthal's comic opera — a kind of *Barber* prescribes a lot of lively comic action. Talbot plays up like a comely old trouper (for all I know, he may be just a very mature 26), and the result is so macabre as to throw the opera utterly out of kilter. In fact none of the physical goings-on here has an assured comic, musical, or psychological purpose. The conductor Stephen Barlow, turned, heavy, details, prettily, but Rosenthal is so plainly not his forte; besides a tame overture and a tame storm we had some *crisis* throughout, and the audience Act I finale was still plodding when it ended.

Harped opera fans can take a six-foot-six Dime in their stride, or a black Marchallin or even a Favartoli-Rodolfo; but to match this piece of decreed misadventure one has to go back to Verdi's first, ruinous Traviata, a famously fat soprano who appeared to be dying from the wrong kind of consumption. The sole ground must be that the Talbot tenor has some cultivated interest, being modelled faithfully upon voices heard nowadays only on cylinders or very old 78s. Indeed, when the head is turned to the inevitable operatic venerability of the old, find in the Coliseum it hardly carries in *piano* or in low register; but toward the top it booms a clean, metallic ring, and his articulation aspires credibly to high style.

Richard Van Allan's "Carmela" number was similarly hobbled, but his Don Basilio remains a ripe creation. There is a determinedly appealing Figaro from the Australian. Peter Coleman-Wright (soft-grained, and a touch too winsome), a stentorian, grumpy funny Bartolo from Rodney Macann and credible support by Hilary Western (as Berta), Christopher Booth-Jones and Stanley Wilson. Nothing would shock Della Jones, assistant to the conductor, who is no ingenue but a mature Welsh throne, with her seething pious, sleeking technique and sexy truculence, she is indomitable, and she very nearly rescues the evening.

David Murray

**What put the Sir in Sir Walter Scott?**

It has been commonly assumed that Sir Walter Scott was given his knighthood for services to literature.

However, there is a school of thought which is puzzled by his constant publicising and praising of The Glenlivet single malt whisky. It is mentioned frequently in his writings.

The Glenlivet was also the Monarch of that time's favourite whisky. It was said "he would drink nothing else".

Is there a connection between these two facts and his knighthood? I believe we should be told.

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October 7

FINANCIAL TIMES

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Friday October 7 1988

Waiting for Sir Godfray

THE independent investigation into the UK Government's handling of the Barlow Clowes affair... The investigation is limited to events which took place after the beginning of 1983... The investigation was made on a non-statutory basis; civil servants were not required to give their evidence under oath...

Excuses for inaction

In the circumstances, it would be surprising if Sir Godfray's report turned out to be much more than a dry account of a limited sequence of events... There are other excuses for inaction. A rapid turnover in Secretaries of State and junior ministers means that no one in the Department now can be held ultimately responsible...

Even the Department seems out to have been guilty of gross negligence for licensing the onshore fund, it would be liable for only a small amount of compensation... A messy period of litigation seems inevitable.

Burden-sharing in Nato

THE DEBATE about the sharing of their common defence burden between the US and the European members of Nato... The large US budget deficit will almost certainly require President Reagan's successor to trim defence spending...

When the measure is the number of trained troops and their equipment, the European contribution to the common defence effort is impressive... Heavy costs: The fact is that 90 per cent of Nato's manpower, 85 per cent of its tanks, 85 per cent of its artillery and 80 per cent of the combat aircraft at present stationed in Europe are provided by the European members of the alliance.

Vital negotiations: Though, in the past, similar American warnings have tended to be ignored, the European allies as a group appear to be taking Washington more seriously this time and are fully associated with a study on burden-sharing due to be submitted to Nato Ministers by the end of the year.

For all these reasons, the debate about burden-sharing must not be allowed to degenerate into squabbles about numbers. A transatlantic slanging match and controversial actions like the European Commission's plan to impose tariffs on military imports from outside the Community...

Robert Graham considers what will follow General Pinochet's defeat in Chile

Dictators are not in the habit of being voted out of office. The defeat of General Augusto Pinochet in Chile's presidential plebiscite thus creates a remarkable, and probably unique, precedent. With the regime opening itself to international scrutiny, Gen. Pinochet could not have committed political suicide in a more public manner...

The rules of the plebiscite may have been set by the military junta, but the vote process was clean and the result cannot be easily challenged. This means Chile, where political activity was frozen by the coup which overthrew the populist government of the late Salvador Allende in 1973, has now begun a complex and delicate transition from dictatorship to democracy...

Political activity, which has been frozen since 1973, has now begun a complex and delicate transition from dictatorship to democracy... The vote was fundamentally against the person and style of the 73-year-old general...

One of the regime's supporters closely connected with the military commented before the vote: "If Pinochet loses, the military will put the survival of the military establishment and the preservation of unity above the fate of an individual..."

Pleasures of the night

Watching American politics on television in the middle of the night is an addiction, yet I do recommend it. The live coverage carried by BBC2 of the Republican Convention or the Bush-Dukakis debate show US politics as seen by Americans...

Minorco man

Bank of Nova Scotia's presence in the syndicate which is helping to finance Minorco's hostile bid for Consolidated Gold Fields should not come as a complete surprise...

Ancient Brit

Beric Watson, the managing director of Waddingtons Games, the Leeds-based manufacturer of Monopoly and a host of other popular board games is used to being addressed as Derek by confused telephone callers...



General Pinochet: smiling his vote in the plebiscite

Recovering a lost democracy

power of veto, especially over vital legislation such as reform of the constitution. Sticking to the letter of the constitution has to be balanced against the uncomfortable reality that Chile is now saddled with a lame-duck administration...

The defeat of Gen. Pinochet, however, immediately removes both his mantle of authority and undermines his claims to legitimacy, creating a power vacuum. At the same time, many influential Pinochet supporters in the military and business communities are unlikely to forgive his failure...

One of the regime's supporters closely connected with the military commented before the vote: "If Pinochet loses, the military will put the survival of the military establishment and the preservation of unity above the fate of an individual..."

Recovering a lost democracy

in this respect, the restrained reaction to the plebiscite result on the streets of Santiago indicates that the political parties have a measure of control over their supporters and that people in general are aware of the dangers of a break down in law and order justifying military intervention.

The army, although the most powerful service arm and the one which Gen. Pinochet enjoys the most unqualified support, has its political antennae. Officers know that negotiations have to begin with the civilians, no matter how distasteful they may be.

The opposition's political platform, which must now become the benchmark for their future conduct, fully recognises the role of the military: "The transition must take place on the basis of agreement with the Armed Forces and the Security Forces..."

tactics during the plebiscite campaign. The principal difficulty facing the opposition is going to be the varied nature of the groups that have made up the campaign against Gen. Pinochet. They range from disillusioned former Pinochet supporters to the centrist Christian Democrats...

In the final stages of the campaign, Mr. Patricio Aylwin, the Christian Democrat leader, emerged as the principal opposition spokesman. The Christian Democrats are probably the largest single party and the main opposition force for the military to deal with.

The vote itself was fundamentally against the person and style of the 73-year-old general who was exposed as an ageing, vituperative and improbable figure...

ideas of recovering one of the finest traditions of democracy in Latin America, strengthened when Gen. Pinochet took over. Although events may move fast, it is worth remembering that recent transition periods in the region have proved long...

OBSERVER

gold coin. It is also a major presence in the flourishing gold loan market providing means with financing against the security of full gold output.

Jolliffe's wash

You can get into difficulties if you are careless with the automatic car wash, as many readers will not doubt know. According to Sir Anthony Jolliffe, however, only one in every 10,000 car wash users ever submits an insurance claim.

Spain's convert

Institutional Investor, the transatlantic magazine that has a fairly high reputation in the financial world, may have won a new reader, Mario Conde, the 40-year-old chairman of Banco Espanol de Credito (Basisto)...

Real City man

There appear to be no collective records of people who have done 60 years in the City, but it is clearly a dwindling band. One man who has is Charles Emery who celebrates his 60th anniversary today and says that he has no intention of retiring yet.

he remembers: there was at least as much Stock Exchange sport as today, but always out of hours and never on Sundays. Now 78, Emery does private client business at Feather & Greenwood. "I'm no gambler," he explains. "I work mostly on British equities which I understand." But he does have bullish views about the future.

At present the markets are marking time. There is plenty of scope for them to start moving up. That could happen between now and Christmas, he says. Then there could be two or three extraordinary years before the next general election, at which time Emery may still be around advising his clients.

Emery joined Liffing & Crucifixbank in 1988 and enjoyed playing games for the Stock Exchange before the war. He represented it at football, tennis and running. Once he did the London to Brighton walk in 1974 hours, though the winner, he says modestly, did it in eight. In those days,

Don't think about the price - have another tumbler." Beric the Briton by A G Henry Watson, who announced this week that his company was gearing up for new acquisitions, hopes to have more luck than his namesake. "The original Beric," he says, "was singularly unsuccessful and was carried off to Rome in chains."

There appear to be no collective records of people who have done 60 years in the City, but it is clearly a dwindling band. One man who has is Charles Emery who celebrates his 60th anniversary today and says that he has no intention of retiring yet. He thinks that there are perhaps five, at the most 10, others like him.

Emery joined Liffing & Crucifixbank in 1988 and enjoyed playing games for the Stock Exchange before the war. He represented it at football, tennis and running. Once he did the London to Brighton walk in 1974 hours, though the winner, he says modestly, did it in eight. In those days,

Economic clue: A reader who is obviously fond of crossword puzzles points out to us that an acronym of "trade deficit" is "tdc" and that "tdc" is the first letter of "tdc".

OMEGA Significant Moments advertisement featuring a watch image and text: OMEGA ALWAYS MARKS SIGNIFICANT MOMENTS. IN THE OLYMPICS. IN THE SPACE PROGRAM. IN SIGNIFICANT LIVES LIKE YOURS. THE OMEGA CONSTELLATION. FOR YOU BOTH.

POLITICS TODAY: Joe Rogaly

Why Ron Todd spoils the party

To appreciate the full enormity of what has happened to Britain's Labour Party this week, you have to give Mr Ron Todd the credit of a doubt.

As General Secretary of the Transport and General Workers Union (TGWU), Mr Todd commands great influence in the trade union world...

He would not have measured up to the top of Ernest Bevin's socks, but that does not mean Mr Todd is, however, too intelligent to delude himself about the present status of even the leader of the largest of the trade unions, namely himself. This status is, by comparison with his illustrious predecessors, relatively humble.

Yes I did say intelligent. This assumption about Mr Todd is the first step towards giving him the benefit of the doubt. His apparently permanent scowl, and his somewhat inarticulate diction, unfortunately, hide what is by definition a brain at least as agile enough to win the bid to his Byzantine union and, by reasonable supposition, a mind of fair quality.

Let us grant, further, that Mr Todd is an honest man who holds certain principles dear. The extremely angry court around Mr Neil Kinnock, whose major speech to the party conference was savaged by the TGWU leader within hours of its delivery on Tuesday, tells itself that he is motivated by personal spite. He wishes, they say, to be treated with the deference due to his predecessors. There may be some small truth in this, but we will profit more from assuming that his motives are not base.

The union that Mr Todd manages has supported unilateral nuclear disarmament for nearly 40 years. It has long propounded the old Labour notions of nationalisation and socialism. Its officials think that it has done this through democratic discussion, since up to a thousand delegates meet every other year to debate policies; perhaps a further 60,000 or so active unionists are involved in the delegate selection conferences that precede the main event - a final fraction of the 1,25m membership all Mr Todd is paid to run an organisation - His thoughts and actions are shaped accordingly. A suspicious executive, itself divided into factions, watches him closely.

Put all this together and it makes some kind of sense for the TGWU leader to cast his union's social democratic policy papers, as the right and some self-left loyalists in his union hierarchy would wish, and then to follow these up with a speech that reaffirms the basic socialist principles espoused by the left factions that exert so much influence on his executive. That is what he did on Tuesday.

He helped the man he thought most suited to lead Labour, but he tried to show that he had not sold the past.

The cockroach in the cabinet is equally clear. Mr Todd's behaviour may be nearly rational in TGWU terms, but it has probably destroyed any slim chance Mr Kinnock may have had of regaining up the social democratic vote in Britain. For the average voter takes only a passing interest, if any, in party conferences.

The feeling impression such a voter will have gained this week will have been of a party that is still in phase: Kinnock saying one thing, Todd another. Worse still, many people will not unreasonably draw the conclusion that a union boss is pushing the Labour Party around once again.

Slightly more interested voters will ask, what is Labour's defence policy now? The answer after yesterday afternoon's vote is that the Labour executive under Mr Kinnock supports unilateralism, bilateralism, and multilateralism and will anyway not make up its mind for a year. Meanwhile Mr Todd, for one, remains staunchly unilateralist, while the conference is just sitting thinking and voting its way. The Kinnocks will fight on for their position. No bets on the winner.

Trusting voters who peer even closer may say: "Very well we'll wait a year, but what about taxes?" They will see that the upper levels of income tax will be raised, and a wealth tax stuck on top. On the poll tax, the good news is that Labour will abolish it, the bad news is that it will put two taxes in its place - a local income tax plus a redistributed property tax. You cannot pin the blame for that on Mr Todd, but you could argue that without all the Toddery in other areas local taxation might not in itself lose the election.

It is hard to see Mr Kinnock increasing Labour's standing in the polls, or winning a string of by-elections, with such a party, plus Mr Todd, behind him. Yet it would be unwise to put much of the blame on the leader himself for what seems almost certain to be a fourth general election defeat in a row. For Mr Kinnock has made a presentable job of reconstructing Labour as a political...

seriously serious Opposition party. Consider what he has achieved. Labour's old anti-European bias has been replaced by a nearly-enthusiastic Europeanism. (Labour's morning prayers are now likely to start with that old hymn, Delors is my shepherd.) It is sadly true that the party remains firmly interventionist, and committed to some recapture of a state role in the privatised industries - but, more importantly, Mr Kinnock is now emphasising his belief in market competition, enterprise, consumerism, the value of the individual and the other principal ingredients of European social democracy.

The party itself is being rid, piece by piece, of some of its outrageously undemocratic elements. In future leadership elections constituency parties will be obliged to conduct a ballot of all their members before casting their votes. Ballots were held, voluntarily, in some constituencies in the leadership election this year. Wherever this happened, Mr Kinnock and Mr Roy Hattersley, his candidate for deputy, obliterated the left slate headed by Mr Tony Benn. No wonder the Kinnocks would like one person-one vote for selecting constituency delegates to the conference.

As the jewel in the crown of democratic reform, a membership recruitment campaign, aimed at bringing in a million members, has been launched. This is designed to outflank the trade unions' block vote (a system that gives Mr Todd a fifth of the votes at the party conference). Once you have your million members, say the Kinnocks, there need be no fear of losing results from party activities, and no need to rely on the union block votes for important matters such as the re-election to the leadership of Mr Kinnock. Alas, here again we find a possibly fatal flaw. It is - first you have to catch your million members.

All other difficulties apart, Mr Paddy Ashdown and his Democrats are on a similar membership hunt. They are true social democrats unembarrassed by either Mr Todd or a fairground defence policy. As someone with five years' experience of selling by direct mail, I can assure Mr Kinnock that the task is not an easy one.



when a rival firm has a more attractive product on offer. It is very nearly impossible when you are racing against time and the product may have to be taken off the market if it doesn't reach a certain level of sales by a certain date.

Yet this is the situation in which the Labour leader finds himself. He has sold the need for a social-democratic approach to most of his party, in spite of Mr Todd. His unique selling point has been that without victory no policy document means anything. Follow his way, and there will be victory, says he. This will be more firmly believed, and the TGWU could yet be outflanked, if over the coming year Labour could score a marked improvement in the opinion polls, accompanied by a string of by-election and local council victories.

The reverse is also true. If Mr Kinnock does not begin to deliver at least the scent of victory, the basis upon which he has grasped control of the party and begun to refashion its policies will be seen to be false. Again, that could be unfair - it could be that Mr Todd's activities are the principal reason for the continued failure of Labour to win more electoral support. But fairness has nothing to do with

the case. Mr Kinnock is sitting on one side of a see-saw, with Mr Ashdown on the other. (Dr David Owen is on his own.) If Mr Kinnock soars in spite of Mr Todd, he can reasonably hope to command a credible opposition before long. If Mr Todd drags the Labour leader down, Mr Ashdown may soar, leaving the opposition as hopelessly divided as ever. But Mr Todd can only be himself. This week's events indicate that he has little option but to attack Labour revisionism. He may be acting from the highest of motives in his own terms, but he is the instrument of heartless fate.

It is therefore wholly understandable that the mood of senior Conservatives, as they prepare for their own party conference next week, is poised somewhere between confidence and complacency. British political history suggests that whenever there is a serious split in a major party, such as between Labour's socialists and its social democrats in 1981, the factions stay out of office for at least 20 years. That would mean Tony Blair until the first year of the forthcoming millennium. Mr Todd will not have achieved that all by himself, but Conservative Central Office is no doubt thankful for his immense contribution.

Let sleeping horses lie

By John Plender

Mr Norman Fowler's Department of Employment expends a great deal of effort - statistical and otherwise - in trying to reduce the number of jobless in Britain. Lord Young's re-named Trade and Industry machine makes a deal of noise and spends a small fortune on advertisements encouraging job-creating enterprise. But when you come down to it, the most successful job creation agency in the country is arguably not in Whitehall but in Threadneedle Street. And the outfit in question spends scarcely any money on job creation at all.

Now it is, of course, open to question whether the Governor of the Bank of England, Mr Robin Leigh-Pemberton, regards himself as presiding over the country's most successful job centre. But he could put a pretty fair case if he wished to do so. Since Mrs Thatcher came to power in 1979 all the growth in employment in Britain has been confined to the services sector. Of that, nearly half took place in financial services, which saw an increase in employment of more than 40 per cent to 2.3m.

The sector is now the biggest employer outside manufacturing; and while much of that 2.3m has nothing to do with the Square Mile, there is no doubt at all that the City of London has been one of the more dynamic components. A recent estimate in a report from the Institute of Manpower Studies suggested that City jobs had been growing at eight times the national average between 1984 and 1987.

The interesting thing about the decisions that paved the way for all this job creation is that they happened years ago. One, taken by the Bank of England, was to operate an open-door policy for foreign banks wishing to do non-sterling business in London.

As an anonymous American puts it in Martin Mayer's latest book on the subject of markets, "The Bank of England doesn't care what you do in London, so long as you don't frighten the horses." The other decision was unwittingly taken by foreign governments, most notably the US, when they imposed tougher tax and regulatory regimes on their financial systems relative to the UK.

A consequence of this British policy of benign neglect towards foreign financial activity, which had its roots largely in tax evasion by footloose international investors, is that Britain now derives no less than 11 per cent of its total employment from financial services. With so many eggs in the City basket it has a great deal to lose, especially in the context of 1992. For while the chief consequence of a single market in financial services will be to do for retail finance in Europe what Big Bang did for wholesale financial business in London, it will also have wider consequences for the competitiveness of individual financial centres in the European zone.

The price of maintaining comparative advantage in running a guest-house for foreign financiers is eternal vigilance and endless lobbying in Whitehall and Brussels. Hence the City's recent penchant for offering second homes to former diplomats, of whom Sir Michael Butler at Hambros is one of the more prominent, in pursuit of the implications of 1992. Yet they face a new, challenging problem, for the Government is no longer inclined to be benign or neglectful.

In the good (or should one say bad?) old days when mainly foreign bankers were running a gigantic but wholly obscure black market for international tax dodgers, British politicians happily turned a blind eye. Yet with so much employment now tied up in the City, they are all too anxious to help.

The results are visible in the anti-Japanese reciprocity provisions of the Financial Services Act. With a new directive threatening to give the EC a right to veto authorisation for non-European financial institutions, London's openness and thus its competitive edge are potentially under bureaucratic threat. Yet having introduced reciprocity into its own domestic legislation, Britain's ability to protect City interests in Brussels has been weakened. The Old Lady's game was great while it lasted. But with politicians at work the horses may finally bolt.

LETTERS

Politics and the concept of citizenship

From Mr Peter Ashby  
Sir, Joe Rogaly's article on October 5th is absolutely right when he says that the Conservative Party is rapidly cornering the debate about active citizenship - with massive political consequences for the run-up to the next general election.

The problem for the Labour Party is that many of its members are debating the issue of citizenship responsibilities with a somewhat high-wing concept, so they stick firmly to debating citizenship rights. Yet the challenge that Mrs Thatcher has posed is on the specific terrain of citizens' responsibilities, and it is simply not good enough for Labour - or indeed the Democrats, who are similarly guilty on this score - to attack Mrs Thatcher for various responsibilities and then duck this debate.

The question Labour must now answer is: does it believe that citizens generally have a responsibility to work, if they are capable of work and expect some sort of income from society?

If Labour answers no, it can forget about its chances at the next election. If, however, it were to answer a clear yes, it could then go on to assert government's responsibilities to provide work for citizens who do all-in their power to find work but are unable to do so through no fault of their own. That could sound very attractive to electors, Labour, like Mrs Thatcher, runs on individual responsibility but unlike Mrs Thatcher (so far) - firmly acknowledging the State's reciprocal responsibilities.

Joe Rogaly quotes from Raymond Plant's excellent Fabian pamphlet, and suggests that a responsibility to work coupled with a commitment to full employment equals "workfare". What a debasement of language! Since when was the idea of guaranteed work for the unemployed, work that would get them off the unemployment register and away from "workfare", defined as workfare? Of course, we know the issue

behind this, and it concerns whether or not claimants should be allowed to keep on turning down jobs and still claim their benefit. Such is the state of many talk of our benefit system as if it had guaranteed everyone an unconditional basic income in the years before Mrs Thatcher gained power.

The Labour Party conference, held in Blackpool to boycott Employment Training will considerably weaken the Labour Party's moral authority across the field of employment and training policies. It cannot now afford to duck the challenge of declaring its stand on the responsibilities of citizenship in relation to income and work. If it is to have any credibility in arguing the case for full employment it must make clear that citizens who refuse employment offered to them, without good cause, would at some stage forfeit entitlement to benefit.

Peter Ashby, St Georges House, Windsor Castle, Berkshire

High levels of exposure a deterrent

From Mr Peter Fankner  
Sir, Dominique Jackson's article on the new LIFFE Bund contract (FT, September 30), while making some valid comparisons to the Japanese Government Bond contract, appeared to miss a crucial point. The Bund contract of DM 250,000 is, in dollar terms, over 5% times smaller than the

JGB contract of ¥100m. Not only does this make straightforward comparisons of volume figures impossible but also leads to a more serious problem. In sterling terms one tick on one contract is worth about £44 for the JGB contract but only £8 for the Bund. This obviously has a detrimental effect on the liquidity

of the JGB contract - many locals are deterred from trading in a market where the levels of exposure can be so high. I believe this is the primary reason for the low levels of business in the JGB contract.

Peter Fankner, 1 Queen Elizabeth Street, London SE1 2LP

Performance appraisal

From Mr David Stainbury  
Sir, Whilst delighted to be seen as entrepreneur (see October 5), we were surprised at the implication that, along with The Bell Group and Maxwell Communications, we had underperformed over a long period.

This seems curious for a company which over the past 10 years has outperformed the FTSE 100 Index by almost 2 1/2 times, and shown a steady earnings per share growth averaging 26 per cent per annum. David Stainbury, Deputy Chairman, J Stainbury, Stamford House, Stamford Street, London SE1 9LJ

Surprised? you won't be

From Mr John G. Bridge  
Sir, UK deficit £12bn. South Korea surplus \$11bn. Surprise, surprise. John G. Bridge, The Textile Industry Support Campaign, 115 Windsor Road, Oldham

From Mr D D Chomeau  
Sir, I was astonished that writer Philip Stephens finds "the outlook... clouded by uncertainties" (World Economy Survey, September 28). In the history of your fine publication, have you ever reported the outlook to be otherwise? D D Chomeau, The Reliable Life Insurance Company, 231 West Lockwood Avenue, Saint Louis, Missouri 63119, US

Flight of fancy

From Mr A C V Wynn  
Sir, Lord Young, in his remarks on the Organisation of Petroleum Exporting Countries, stated: "We will not be part of a cartel" (FT, October 5). Can we take this to mean that cheaper air fares to Europe will soon be available? A C V Wynn, 14 West Smithfield, London EC1A 9BY

Whereas letters intended for publication are accepted to include a telephone number where they can be reached during the day.

'How independent is this putative union?'

From Mr Daniel Valliamy  
Sir, It is hardly surprising that P & O European Ferries is equivocal about giving public support to the breakaway European Ferryermen's Association (FT, September 29). Open support would call into question the independence from employer influence of the organisation.

The most cursory examination of its Rule Book suggests that this putative union certainly does not have the interests of its potential members at heart. A few examples from the Rule Book will suffice. ● A strike, even of a few members in one section, requires 75

per cent support from the entire membership, non-voters being treated as against.

● There is no provision for the payment of strike or lock-out benefit.

● The organisation is banned by rule from providing assistance to any member "accused of any offence involving drink, drugs, or breaches of Customs and Excise Laws."

● Admission into and expulsion out of membership are solely at the discretion of the committee. There are no provisions for appeal against decisions or actions of the committee or of association officers.

● There is no provision for any system of lay representatives, normally the bedrock of trade unionism. ● Rule changes require a 75 per cent vote of the entire membership. ● The Government Certification Officer may shortly be asked to exercise his statutory duty to determine whether the new body is genuinely independent. That will prove an interesting test of the Certification Officer's independence from the interests of Mrs Thatcher and Sir Jeffrey Sterling. Daniel Valliamy, The University of Hull, Industrial Studies Unit, 49 Salton Grove, Hull, North Humberside.

ADVERTISEMENT PLESSEY HOTLINE PLESSEY MILITARY COMMUNICATIONS AUSTRIA BUYS PLESSEY MILITARY COMMUNICATIONS Plessey MRS - Austrian contract is sixth world success. PLESSEY WATCHMAN FOR BIRMINGHAM Birmingham International Airport is to be equipped with a Plessey Watchman radar for air traffic control. Plessey Watchman is the largest contract awarded by the CAA for primary radar since the early 1980s. Won against strong UK and overseas competition, the order brings the total number of Plessey Watchman radar sales worldwide to more than sixty systems. Since the Watchman system was initially selected by the Ministry of Defence it has maintained its technical and operational lead whilst achieving an enviable record of reliability and performance in operation with a large number of users around the world. It is this combination that has made Watchman the leading air traffic control radar in its class for both military and civil authorities. Plessey has already announced a repeat order from the Finnish Air Force for four Watchman systems and a new customer - India. Other users include China, Spain, Dubai, Bahrain, Ghana and the Sultanate of Oman. The height of high technology PLESSEY



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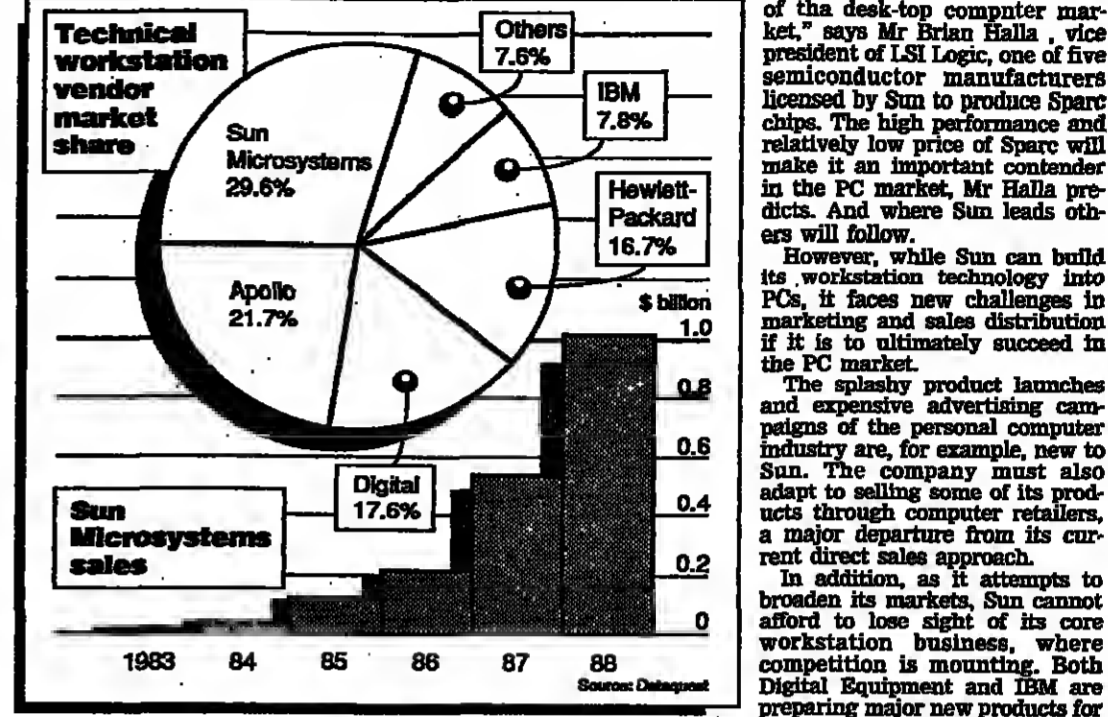
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INSIDE Going against the grain yields trouble Efforts by industrial countries to erode their costly grain mountains may have been more successful than some producers had thought...

La Générale paves way for large placing

By Tim Dickinson in Brussels CLEAR EVIDENCE that Société Générale de Belgique, Belgium's biggest holding company, is preparing a large share placing emerged yesterday when it announced the appointment of Satchi & Satchi, the UK advertising and consultancy group, to carry out a 12 country audit...

A very personal gamble Louise Kehoe looks at how Sun plans to rise in the world PC market



IT HAS been the computer success story of the 1980s. In just six years Sun Microsystems, of Mountain View, California, has taken the computer workstation market by storm, grabbed market leadership and built up sales of over \$1bn a year...

Valco tries to get in driver's seat The latest bid by Valco, the second largest car components group in Europe, for Epelec-Bertrand Faure, the leading French car seat manufacturer, marks a significant new chapter in France's long and arduous effort to constitute a strong yet independent car components industry...

Trouble at Touche Rennant The victory of the British Coal Pension Funds in their £500m bid for TR Industrial & General, Britain's third largest investment trust, raises questions about the future of Touche Rennant, the fund management group which has seen assaults or reconstructions at four other trusts during the past year.

Removing the buzz from New Zealand's kiwi fruit Science and technology have caught up with New Zealand's hard working honey bees. Traditionally charged with pollinating female kiwi fruit flowers, the bees have been laid off and orchard owners are now using hand-held pollination sprays that do the job better...

UK steel float looks to overseas investors

By Nick Garnett and Ralph Atkins in London INVESTORS from Japan, the US, Canada and continental Europe have shown strong interest in buying stakes in British Steel which is to be floated for an expected £2.5bn (\$4.25bn) in the second half of next month, according to Samuel Montagu, the UK merchant bank...

Under Scott McNealy, president, turnover of Sun Microsystems has doubled in each of the last six years, and 200 new employees now join the Mountain View, California company every month



according to industry experts, the company's strategy is to wipe out the distinctions between workstations and PCs by offering a computer that can perform both roles.

European stock turnover targets Rumors of stakebuilding, renewed bid battles and mystery buying triggered a welcome dose of activity into the European bourses last month. Belgian stock turnover soared 70 per cent while the French bourse saw trading jump 63 per cent...

Market Statistics table with columns: Base lending rates, Benchmark Govt bonds, European options exch, FT-A indices, FT world indices, FT 1st bond service, Financial future, Foreign exchanges, London recent issues.

Companies in this section

List of companies including Alfred McAlpine, Arbed, Ariadne Australia, Assat Trust, Aurora, Australian National Bank, Bank of Ireland, Bery, Biron & Noble, Bham (J), Bond Corporation, Bouyges, Christian Salvessen, Christiana Bank, Colfax and Fowler, Cons Gold Fields, Continental Corp, Control Securities, Cooper Companies, Cowan and Toot, D and C Bank, Dean & Bowles, Digital Equipment, Druck Holdings, Epelec-Bertrand Faure, Ebnm, GEI-Jano-BM, GFSA, Galliford, Gramplan Holdings, Grand Metropolitan, Groupe Brax Lam, HTV Group, Hazewood Foods, Heron Corporation, Investinvest, Irish Distillers, Jersey General, Kieint Benson Asset, Leabrook Group, MB, Manor National, Meccas Leisure, Minorco, Mitsubishi Motors, Morgan Crucible, Musterlin Group, Newcastle Ship Canal, Nestlé, Norish, Pargosa, Paribas, Pernod Ricard, Pirelli, Pirelli Int'l, Plesurama, Polymark Int'l, Priced, Priced (Austln), Regency Fin Group, Rockwater Group, SAS, Sear (UK), Sun Alliance, Swallowfield, TFL Group Holdings, TR Ind & Gen, Tandy, Texas Air, Tullow Oil, Tyco Inds, Valco, Vert (Lacques), Walker Greenbank.

Chief price changes yesterday

Tables showing price changes for FRANKFURT (DEM), NEW YORK (DOLLARS), LONDON (pence), and S&P 500.

Fiat, Chrysler in distribution pact

By Alan Friedman in Milan ITALY'S Fiat group has signed a letter of intent with Chrysler, the third largest US car maker, to form a 50-50 joint venture company to distribute three models manufactured by Fiat's Alfa Romeo luxury car subsidiary.

WHY LET FALLING MARKETS UPSET YOUR PROFITS? Illustration of a man looking up at falling items. Text about investment strategy and Bowers Cadle & Co Ltd.

Eastern Air near to route sale

By Anatole Kalotzky in New York EASTERN Air Lines, the strife-ridden US airline, seemed yesterday to be on the verge of a \$300m sale of routes to Mr Donald Trump, the flamboyant New York property developer.

Vertical text on the far left edge: 'actor', 'ing', 'cars', 'ish', 'ese', 'quota', 'san', 'omist', 'rds', 'white', 'The', 'nomist'

Vertical text on the far right edge: 'shes', 'se', 'ain', 'Board', 'Factor', 'ing', 'cars', 'ish', 'ese', 'quota', 'san', 'omist', 'rds', 'white', 'The', 'nomist'

## INTERNATIONAL COMPANIES AND FINANCE

### Digital plans to re-enter personal computer market

By Louise Kehoe in San Francisco

DIGITAL EQUIPMENT, the second largest US computer company, is planning to re-enter the personal computer market through an agreement with Tandy, a leading US producer of personal computers.

Under the terms of the agreement, Tandy will design and manufacture a personal computer to Digital's specifications. Digital will sell the personal computer under its own name. The companies have also agreed that Digital will service Tandy personal computers owned by Digital's customers.

Digital withdrew from the personal computer market four years ago due to poor sales of its own Rainbow personal computer range. The company's strategy has however been to provide connectivity software that enables users to link their personal computers to Digital's minicomputers.

Last year Digital signed a major joint technology development agreement with Apple

Computer, aimed at providing software to link Apple's Macintosh into Digital computer networks.

Digital also announced yesterday that it is offering software to link up with IBM's latest personal computers, the Personal System/2 range based on the Microchannel.

The agreement with Tandy will however provide Digital with its own brand of personal computers. The machines are expected to be based on industry standard hardware and software making them compatible with a wide range of software.

"With this agreement, we will broaden and further enhance that full range of products. As a result, we will offer our customers, especially those who prefer a single vendor solution, industry-standard PC with Digital's worldwide service and support," said Mr Don LaCava, vice president of Digital's low end systems group.

### Société Générale raises net earnings by 22.6%

By Paul Betts in Paris

SOCIÉTÉ GÉNÉRALE, the large privatized French banking group, reported yesterday a 22.6 per cent increase in overall first half net profits to FF1.64bn (\$257m) and a 21 per cent increase in first half net earnings excluding minority interests to FF1.44bn.

France's fourth largest banking group said yesterday that first half profits had to be compared with results for the whole of last year rather than with the first half only because two subsidiaries, Crédit Général Industriel and Sogen Fiditalia, were not integrated in the consolidated accounts in the 1987 first half period.

Comparisons for the latest first half period have thus been based on half the results for the whole of last year.

Société Générale said provisions in the latest period were strengthened by FF2.9bn and sovereign state debt risks had

also been increased by a further 3 points. Provisions had already covered more than 50 per cent of the bank's country risks at the end of last year.

Deposits rose 6.7 per cent in the first half while lending increased by 10.4 per cent. The bank said there had been signs of a recovery in the corporate loan business while loans to individuals had risen by 26.8 per cent in the bank's domestic network.

Increased competition had weighed on loan margins, while revenues from customer securities operations had also declined as a result of the general stock environment. However, Société Générale said there had been a strong development in its market operations and in its specialised credit activities.

Overall net interest and commission income totalled FF15.32bn

### Coniston bids \$1.3bn for TW Services

By Roderick Oram in New York

TW SERVICES, a leading restaurant and institutional food service group once a part of Trans World Airlines, has received a \$1.3bn takeover offer from a group of investors led by Coniston Partners.

Shares of the New York company rose \$14 to \$265 yesterday, capping sharp gains in recent weeks. Bid speculation had been growing since Mr Ronald Foreman, the corporate raiding chairman of Revlon, the US cosmetics group, sold a 15 per cent stake in TW to Coniston at \$19 a share three weeks ago.

SWT Associates, the Coniston led investment group, currently holds 19.1 per cent of TW's shares acquired at an average price of \$35.50 each. SWT said it was seeking a friendly merger with TW's management taking an equity interest. TW said it would respond in "due course."

Originally, TW was part of Trans World Corporation but the airline was spun off in 1983 and the parent company itself broken up in 1986 when TW was floated as a New York Stock Exchange company.

Under its well respected management, TW's net profits soared last year to \$56.5m, or \$1.16 a share, from \$15.7m, or 26 cents a share. Revenues jumped to \$2.49bn from \$1.92bn reflecting the acquisition of Denny's, a leading national chain of cafes, shops and low-cost family restaurants.

Last year, 36 per cent of sales were derived from restaurants including Denny's, Quincy's steak house and the Hardee's hamburger chain. Another 59 per cent came from institutional food services such as vending machines, concessions and cafeterias. The remaining 5 per cent came mainly from nursing homes.

"It's quite a fair offer," said Mr Noel Sloan, an analyst with Kleinwort Benson Securities in London. He said the company has an "excellent management" which has done a creditable job of turning around Denny's. "TW are doing very well on their own; they don't need Coniston."

### Airlines join forces for market-share war

Michael Donne examines the collaborative agreement between SAS and Texas Air

THE COLLABORATIVE agreement announced this week between Scandinavian Airlines System and Texas Air of the US reflects not only SAS's desire to expand its US links, but an industry trend which is developing in the fiercely competitive battle for increased shares of the growing world air travel market.

The US giant, Texas Air itself, which includes Continental and Eastern, American Airlines, Delta, Northwest, Trans World and United, are expanding their international operations, and other leading world airlines are having to take protective action to counter this strategy.

The non-US airlines, including many in Western Europe, the Far East and South-East Asia, are reacting to what is and will be an increasingly competitive climate by seeking to enlarge their activities and their market influence.

One of the most popular collaborative arrangements has been the creation of large groups of airlines sharing common computer reservations systems (CRS), to enable them to win larger shares of the rapidly expanding passenger market. In the US, American Airlines has evolved the Sabre system, and Delta is marketing its Delta; Northwest and Trans World have the Para system; Texas Air has System One, and

United has Covia/Apollo. Para is to be combined with the Canadian Gemini system, owned by Air Canada and Canadian Airlines International.

Elsewhere, the Abacus CRS includes Cathay Pacific, Singapore Airlines and Thai International. Amadeus takes in Air France, Air Inter, Braniff of Norway, Emirates, Finnair, Iberia, Icelandair, JAT and Adria of Yugoslavia, Lufthansa of Sweden, Lufthansa, SAS and Texas Air.

Fantasia includes Japan Air Lines and Qantas of Australia and the Galileo system, Aer Lingus, Alitalia, Austrian, British Airways, Covia (United), KLM, Olympic, Sabena, Swissair and TAP (Air Portugal).

Some of these groups have cross-links, such as Amadeus buying software from Texas Air's System One, and Abacus having links with both Amadeus and Para. British Airways on its own behalf has bought a stake in United's Covia, although both airlines are also in the Galileo group.

In addition to the growth of these group systems, many of the larger airlines are attempting to develop operational and marketing agreements among themselves. Their aim is to extend their effective areas of operation without actively seeking new routes which might be impossible to win. In



Jan Carlzon: moving SAS's base in US to Newark

the US for example internal domestic routes are jealously preserved for American carriers.

SAS has long sought to widen its sphere of influence, with talks on amalgamation with Sabena of Belgium, and late last year by seeking a big share stake in the then-ailing British Caledonian.

Thwarted in both ventures, especially by BA buying BCal, SAS has looked elsewhere. It is discussing purchase of a 40 per cent equity stake in Aerolineas of Argentina, while it is also reported to be among airlines,

including Air France and Iberia, interested in acquiring stakes in Flama of Uruguay and Varig of Brazil.

SAS also has a close relationship with Thai International, and is working to achieve closer ties with Qantas of Australia.

The SAS-Texas Air deal, involving a \$100m investment in Texas Air by SAS, with Mr Jan Carlzon, SAS president, joining the Texas Air Board, will involve SAS moving its US base from Kennedy Airport, New York, to Newark, New Jersey, to benefit from direct links with a large number of US cities served by Continental, a Texas Air subsidiary, which also extensively serves the Pacific Basin.

As a result Texas Air group will benefit from SAS passengers who want to fly on to other destinations in the US and even the Pacific region. The SAS-Texas Air arrangement thus rivals in scope the extensive marketing deal reached nearly a year ago between British Airways and United Air Lines of the US.

In the latter, although there was no direct financial investment involved, each airline agreed to promote and sell seats on the other, and to share facilities in such centres as Seattle, Washington and New York, co-ordinate schedules, and offer joint-pricing and joint

marketing programmes. An intrinsic part of the BA-United agreement involves "code-sharing" - listing certain flights in their respective computer reservations systems as joint BA-United operations, thereby gaining bigger market shares.

The result has been effectively to create a large global airline operation, marrying BA's extensive Atlantic, European, African, Middle East, South American, South-East Asian and Far Eastern networks with the big United network throughout the US and the Pacific Basin.

This will now be rivalled by the SAS-Texas Air operation, which will become even bigger if the SAS's plans for South American links come to fruition.

But BA has also made clear that it intends to continue widening its own sphere of influence, and that other marketing deals, or acquisitions, with other airlines are being actively being pursued.

BA recently bid for a stake in Air New Zealand. This remains on the table, while the New Zealand Government explores closer ties between ANZ and Qantas of Australia. BA is also discussing marketing arrangements with other airlines, one of which is understood to be Laca of Costa Rica.

### Enichem unveils spectacular rise in profit

By Alan Friedman in Milan

MR LORENZO Nacci, chairman of Italy's state-owned Enichem chemicals group, yesterday unveiled some spectacular profits for the first half of 1988 and issued a strongly-worded call for Europe-wide rationalisation in the chemicals sector.

A continuing drop in raw material costs and buoyant demand for base chemicals and petrochemicals contributed to a \$2.61bn (\$188m) net profit at Enichem in the first six months of this year, which is double the net profit Enichem made in the whole of 1987 and compares with a \$320m loss in the first half of last year.

Like the private sector Montedison, which recently unveiled its own sharp profits rise, Enichem is reaping the

benefits of a generally improved world market in petrochemicals and specialty chemicals.

Enichem's profit increase was struck on the back of a 19 per cent rise in consolidated revenues, to \$5,538bn (\$2.5bn). The bulk of this rise in turnover came from base chemicals and plastics, which accounted for 51 per cent of Enichem revenues in the first half.

Another key contributor to Enichem profits was the European Vinyls Corporation (EVC), the joint-venture polyvinyl chloride (PVC) producer that was formed in 1986 with Britain's Imperial Chemical Industries (ICI). Enichem took 50 per cent of the \$180m of pre-tax profits made by EVC in the first six months of 1988, on

\$540m of turnover. This result compared with a total EVC profit of just \$20m on \$450m of PVC sales in the first half of 1987.

Around 40 per cent of Enichem turnover came from sales outside of Italy.

The company's synthetic fibres and fertilisers divisions remained in loss in the first six months, although Enichem said these losses amounted to less than \$100m. Enichem's debt burden - net of cash balances in banks - stood at \$1,900bn.

Mr Nacci said that after years of restructuring, the drop in oil prices and other raw materials costs was now giving Enichem "fabulous operating margins, the highest ever." He claimed that Enichem's perfor-

formance was in line with the returns realised by competitors in other countries. The company only achieved its first break-even result in 1986.

While declaring the outlook extremely favourable Mr Nacci took pains to demand that the European chemicals industry undergo further restructuring. "There are more than 16 producers of PVC in Europe today, with only five or six in the US. There are decisively too many PVC producers in Europe and much more Europe-wide rationalisation is needed."

The only subject Mr Nacci was not prepared to discuss yesterday was the state of play on the joint venture chemical company that will be created next January by merging Enichem with part of Montedison.

### Tyco Labs to sell Mueller for \$366m

INVESTCORP, a Bahrain based bank, has arranged the sale of Mueller, a leading maker of valves, hydrants, pumps and fittings in the US and Canada, to Tyco Laboratories for \$366m.

Mueller had been jointly owned by its management, which held 80 per cent of the company, and a group of US and international investors arranged by Investcorp, which held 70 per cent. Investcorp said Mueller's sales for the year to November 30 would exceed \$360m.

Tyco which makes fire and flow control systems said Mueller's network of 676 independent distributors would combine well with its policy of selling through wholesalers.

NEW ISSUE

This announcement appears as a matter of record only.

6th October, 1988

### FURUNO

#### FURUNO ELECTRIC CO., LTD.

U.S.\$50,000,000

5 7/8 per cent. Guaranteed Notes 1992

with

Warrants

to subscribe for shares of common stock of Furuno Electric Co., Ltd.  
The Notes will be unconditionally and irrevocably guaranteed by

The Fuji Bank, Limited

Issue Price 100 per cent.

Yamachi International (Europe) Limited

Fuji International Finance Limited

Citicorp Investment Bank Limited

Nomura International Limited

ANZ Merchant Bank Limited

Baring Brothers & Co., Limited

Robert Fleming & Co. Limited

Goldman Sachs International Corp.

Kleinwort Benson Limited

Kuwait International Investment Company s.a.k.

Merrill Lynch International & Co.

Mitsubishi Finance International Limited

Morgan Grenfell Securities Limited

Nippon Kangyo Kakumaru (Europe) Limited

Salomon Brothers International Limited

Sanwa International Limited

J. Henry Schroder Wagg & Co. Limited

Towa International Limited

Yamatane Securities (Europe) Ltd.

NEW ISSUE

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October, 1988

### MARUDAI FOOD CO., LTD.

#### MARUDAI FOOD CO., LTD.

U.S.\$100,000,000

5 7/8 per cent. Bonds 1992

with

Warrants

to subscribe for shares of common stock of Marudai Food Co., Ltd.

ISSUE PRICE 100 PER CENT.

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Daiwa Bank (Capital Management) Ltd.

Merrill Lynch International & Co.

The Nikko Securities Co., (Europe) Ltd.

Salomon Brothers International Limited

Sumitomo Trust International Limited

Wako International (Europe) Limited

Group Precious Metal Mining Companies' Reports for the quarter ended 30 September 1988

All companies are incorporated in the Republic of South Africa

Driefontein Consolidated

Driefontein Consolidated Limited (Registration No. 68/04880/05)

ISSUED CAPITAL: 204 000 000 shares of 50 cents each, fully paid.

Table with 4 columns: Item, Quarter ended 30 Sept 1988, Quarter ended 30 June 1988, and Quarter ended 30 Sept 1987. Rows include Gold - East Driefontein, Gold - West Driefontein, and Financial Results (R000).

FINANCIAL RESULTS (R000) Working profit Gold, Net sundry revenue, Profit before tax and State's share of profit

DEBTORS: A dividend (No. 30) of 120 cents per share was declared on 7 June 1988 and was paid to members on 3 August 1988.

SHARES: East Driefontein No. 5 Sub-Vertical Shaft-W. The shaft was sunk 74 metres to a depth of 1 151 metres below the collar on 22 Level. 44 level Station was excavated and supported.

West Driefontein No. 8 Shaft-W. All the fans have been commissioned and the shaft is now fully operational to provide ventilation for the area.

No. 9 Sub-Vertical Shaft-W. The access winch has reached 25 level elevation. A rock pass from 22 to 21 level was completed and a start has been made on the excavation of the hoist level (21 level). Work continues on the 22 level Station.

PRODUCTION: Production was adversely affected by a fire which broke out on 4 July 1988. The fire was contained and subsequently extinguished by water sprays and foam. The affected faces were being rehabilitated and production should resume during the next quarter. A claim in respect of the loss of production has been lodged with the insurers.

On behalf of the board R. A. Phasibridge, A. J. Wright, Directors

6 October 1988

Vlakfontein

Vlakfontein Gold Mining Company Limited (Registration No. 05/06155/05)

ISSUED CAPITAL: 6 800 000 shares of 20 cents each, fully paid.

Table with 4 columns: Item, Quarter ended 30 Sept 1988, Quarter ended 30 June 1988, and Quarter ended 30 Sept 1987. Rows include Gold - Drogenbos, Gold - Surface sources, and Financial Results (R000).

FINANCIAL RESULTS (R000) Working profit Gold, Net sundry revenue, Profit before tax

DEBTORS: A dividend (No. 84) of 15 cents per share was declared on 7 June 1988 and was paid to members on 3 August 1988.

PRODUCTION: The decline advanced 65 metres to a depth of 521 metres. Development is in progress on 3 level and stoping operations are continuing above 2 level.

On behalf of the board M. J. Tegg, A. J. Wright, Directors

6 October 1988

Libanon

Libanon Gold Mining Company Limited (Registration No. 05/0851/05)

ISSUED CAPITAL: 40 000 000 shares of 20 cents each, fully paid.

Table with 4 columns: Item, Quarter ended 30 Sept 1988, Quarter ended 30 June 1988, and Quarter ended 30 Sept 1987. Rows include Gold, Financial Results (R000), and Capital Expenditure.

FINANCIAL RESULTS (R000) Working profit Gold, Net sundry revenue, Profit before tax and State's share of profit

DEBTORS: A dividend (No. 75) of 50 cents per share was declared on 7 June 1988 and was paid to members on 3 August 1988.

PRODUCTION: The unexpended balance of authorised capital expenditure at 30 September 1988 was R113,6 million.

On behalf of the board M. J. Tegg, A. J. Wright, Directors

6 October 1988

Kloof

Kloof Gold Mining Company Limited (Registration No. 64/04462/05)

ISSUED CAPITAL: 121 100 000 shares of 25 cents each, fully paid.

Table with 4 columns: Item, Quarter ended 30 Sept 1988, Quarter ended 30 June 1988, and Quarter ended 30 Sept 1987. Rows include Gold, Financial Results (R000), and Capital Expenditure.

FINANCIAL RESULTS (R000) Working profit Gold, Net sundry revenue, Profit before tax and State's share of profit

DEBTORS: A dividend (No. 37) of 80 cents per share was declared on 7 June 1988 and was paid to members on 3 August 1988.

PRODUCTION: The unexpended balance of authorised capital expenditure at 30 September 1988 was R220,2 million.

On behalf of the board G. T. Fenton, M. J. Tegg, Directors

6 October 1988

Venterspost

Venterspost Gold Mining Company Limited (Registration No. 05/0503/05)

ISSUED CAPITAL: 20 200 000 shares of 25 cents each, fully paid.

Table with 4 columns: Item, Quarter ended 30 Sept 1988, Quarter ended 30 June 1988, and Quarter ended 30 Sept 1987. Rows include Gold, Financial Results (R000), and Capital Expenditure.

FINANCIAL RESULTS (R000) Working profit Gold, Net sundry revenue, Profit before tax

DEBTORS: A dividend (No. 95) of 50 cents per share was declared on 7 June 1988 and was paid to members on 3 August 1988.

PRODUCTION: The unexpended balance of authorised capital expenditure at 30 September 1988 was R134,6 million.

On behalf of the board M. J. Tegg, A. J. Wright, Directors

6 October 1988

Doornfontein

Doornfontein Gold Mining Company Limited (Registration No. 05/24/09/05)

ISSUED CAPITAL: 40 000 000 shares of 25 cents each, fully paid.

Table with 4 columns: Item, Quarter ended 30 Sept 1988, Quarter ended 30 June 1988, and Quarter ended 30 Sept 1987. Rows include Gold, Financial Results (R000), and Capital Expenditure.

FINANCIAL RESULTS (R000) Working profit Gold, Net sundry revenue, Profit before tax and State's share of profit

DEBTORS: A dividend (No. 63) of 25 cents per share was declared on 7 June 1988 and was paid to members on 3 August 1988.

PRODUCTION: The unexpended balance of authorised capital expenditure at 30 September 1988 was R101,5 million.

On behalf of the board A. J. Wright, M. J. Tegg, Directors

6 October 1988

Deelkraal

Deelkraal Gold Mining Company Limited (Registration No. 74/00160/05)

ISSUED CAPITAL: 99 540 000 shares of 30 cents each, fully paid.

Table with 4 columns: Item, Quarter ended 30 Sept 1988, Quarter ended 30 June 1988, and Quarter ended 30 Sept 1987. Rows include Gold, Financial Results (R000), and Capital Expenditure.

FINANCIAL RESULTS (R000) Working profit Gold, Net sundry revenue, Profit before tax and State's share of profit

DEBTORS: A dividend (No. 11) of 45 cents per share was declared on 7 June 1988 and was paid to members on 3 August 1988.

PRODUCTION: The unexpended balance of authorised capital expenditure at 30 September 1988 was R220,2 million.

On behalf of the board G. T. Fenton, M. J. Tegg, Directors

6 October 1988

Norham

Norham Platinum Limited (Registration No. 77/0282/06)

ISSUED CAPITAL: 28 800 000 shares of 1 cent each, fully paid.

Table with 4 columns: Item, Quarter ended 30 Sept 1988, Quarter ended 30 June 1988, and Quarter ended 30 Sept 1987. Rows include Pro-production mine development expenditure (R000), Capital expenditure, Net income after tax.

All income and expenditure has been capitalised as pre-production mine development expenditure.

PRODUCTION: The unexpended balance of authorised capital expenditure at 30 September 1988 was R476,6 million.

On behalf of the board A. J. Wright, M. J. Tegg, Directors

6 October 1988

GOLD FIELDS OF SOUTH AFRICA LIMITED

Note: Copies may be obtained from the United Kingdom Registrar: Hill Samuel Registrars Limited, 6 Greencoat Place, London, SW1P 1PL

INTERNATIONAL COMPANIES AND FINANCE

Valeo in drive for critical mass

Paul Betts on acquisitive ambitions at the car components group



Paul Betts

Valeo's hostile FF4.4bn bid for 60 per cent control of Espada...

When he took over, the company was in fragile financial shape as a result of years of costly restructuring and cost-cutting.

But the total sales of the European car components industry currently total about FF420bn...



AIBD Reporting Requirements

United Kingdom-based members of AIBD will have to report all transactions in international securities to the Association from April 3, 1989.

On October 1, 1988 new AIBD rules will come into effect that impose reporting requirements on members of the AIBD...

Members falling in that category must subscribe to the AIBD Trax system for the purposes of transaction matching and must report to the AIBD every transaction in international securities...

AIBD reporting dealers must, from January 3, 1989, report via Trax every transaction in international securities entered into with another reporting dealer or an inter-dealer broker.

Details of the rules will be mailed to members early October, 1988.

It is imperative that members affected by the new rules have appropriate resources in place to connect to Trax by the dates applying to them.

John Wolters Secretary General

This announcement appears as a matter of record only.

NEW ISSUE

6th October, 1988



TAISEI ROAD CONSTRUCTION CO., LTD.

U.S.\$80,000,000

5 3/8 per cent. Guaranteed Notes 1992

with

Warrants

to subscribe for shares of common stock of Taisei Road Construction Co., Ltd. The Notes will be unconditionally and irrevocably guaranteed by

The Fuji Bank, Limited

Issue Price 100 per cent.

Yamachi International (Europe) Limited

Fuji International Finance Limited

Deutsche Bank Capital Markets Limited

Yasuda Trust Europe Limited

Bayerische Vereinsbank Aktiengesellschaft

Citicorp Investment Bank Limited

Daiwa Bank (Capital Management) Limited

Daiwa Europe Limited

Kleinwort Benson Limited

KOKUSAI Europe Limited

The Nikko Securities Co., (Europe) Ltd.

Salomon Brothers International Limited SBCI Swiss Bank Corporation investment banking

J. Henry Schroder Wagg & Co. Limited

Societe Generale

Taiheiy Europe Limited

Build-up of stake denied by Paribas

By Paul Betts in Paris

PARIBAS, THE French privatised financial and banking group, described yesterday as "complete fiction" a series of rumours suggesting that the Fargesa-Brussels-Lambert group led by Mr Gerard Eskenazi had built up a stake of between 17 and 20 per cent in it.

Both Paribas and Paribasance, the French subsidiary of Fargesa, insisted that Fargesa had only increased its stake in the Paribas group of hard-core shareholders from an initial 0.6 per cent to 2.7 per cent. The hard-core shareholding group currently accounts for 26 per cent of Paribas' capital.

Paribas confirmed yesterday that it would welcome closer links between the two groups but emphasised that each group wanted to maintain and respect its own identity and independence. Paribas and Fargesa are already linked, for example, in Paribas-Suisse, the Swiss subsidiary 60 per cent controlled by Paribas in which Fargesa owns a stake of about 30 per cent.

Paribas is now expected to intensify efforts to re-establish a network of alliances with key international financial groups as an integral part of its long-term strategy. This would clearly imply strengthening the links with Fargesa and Eskenazi.

This had been one of the key aspects of Paribas' strategy before it was nationalised by the left in 1982. The French financial and banking group had established a large network of alliances with groups like Warburg in the UK, Power Corporation of Canada, and with a Hong Kong partner.

Paribas also indicated yesterday that it would report a strong rise in first-half profits at the end of this month.

Arbed posts sharp recovery mid-stage

By William Dawkins in Brussels

ARBED, THE Luxembourg iron and steelmaker, yesterday unveiled a sharp turnaround into profit for the first half of 1988 and forecast that full-year results would show a continued improvement.

The announcement comes a day after the publication of European Commission estimates that crude steel production in the European Community would rise 6 per cent this year to 133m tonnes.

On loans, the bank said difficult conditions meant that the quality of some of its loans had changed more rapidly than had previously been the case.

For the year as a whole, Christiania expects losses on loans and guarantees to remain near 1987's NKR966m.

Norwegian banks

THE NRKs.95bn of losses forecast for the Norwegian banking sector this year compare with a deficit of NKR4.33bn in 1987, not NRK1.3bn as stated in a story of October 6 and a feature yesterday.

Hoechst to raise payout

By Our Financial Staff

HOECHST, THE West German chemicals and pharmaceuticals group, said yesterday it would increase its regular dividend for 1988, but did not specify how much it will pay.

In 1987, the group paid shareholders a dividend of DM10 (\$5.37) a share plus a bonus of DM1 to celebrate the company's 125th anniversary.

Brasilvest S.A.

- Net asset value as of 30th September, 1988
per CZ Share: 464.95
per Depositary Share: US\$1,821.57
per Depositary Share (Second Series): US\$1,101.19
per Depositary Share (Third Series): US\$9,447.24
per Depositary Share (Fourth Series): US\$8,825.73

Christiania Bank increases operating profit

By Karen Fosell in Oslo

CHRISTIANIA BANK, one of Norway's largest banks, lifted its eight-month operating profit before provisions to NKR879m (\$127.5m) from NKR712m in the same period last year, with help from improved interest rate margins and reduced costs.

On loans, the bank said difficult conditions meant that the quality of some of its loans had changed more rapidly than had previously been the case.

Bank America Corporation

- US\$400,000,000 Floating Rate Subordinated Capital Notes Due 1997
Holders of Notes of the above issue are hereby notified that for the next interest sub-period from 7th October, 1988 to 7th November, 1988 the following will apply:
1. Interest Payment Date: 7th December, 1988
2. Rate of interest for Sub-period: 8% per annum
US \$371.35
3. Interest Amount payable for Sub-period: per US\$ 50,000 nominal
4. Accumulated Interest Amount payable: US \$735.93
per US\$ 50,000 nominal
5. Next interest sub-period will be from 7th November, 1988 to 7th December, 1988.
Agent Bank
Bank of America International Limited

SWANSEA BAY

The Financial Times proposes to publish this survey on: 28th November 1988
For a full editorial synopsis and advertisement details, please contact:
Clive Radford
or Bristol (0272) 232565
Fax (0272) 232974
or write to him at:
Merchants House
Wapping Road
Bristol
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FINANCIAL TIMES
CORPORATE BUSINESS NEWS



INTERNATIONAL COMPANIES AND FINANCE

Ariadne restructures after worst loss in Australian history

By Chris Sherwell in Sydney

ARIADNE AUSTRALIA, the entrepreneurial investment group badly hurt by last October's stock market crash, yesterday reported the worst corporate loss in the country's history and promised further tough rationalisation.

Figures for the year to June showed a net loss of A\$640m (US\$505.9m) for the group, which was once controlled by Mr Bruce Judge, a New Zealand entrepreneur. The outcome compared with profits the previous year of A\$142.2m and represented a widening of the first-half deficit of A\$600m. Revenues for the year rose 38 per cent to A\$1.65bn.

Because of a series of recent asset sales - including the Sanctuary Cove resort development in Queensland for A\$250m and the Hepburn power parts business for A\$250m - the group's overall debt to 31 banks is expected to be under A\$400m by the end of 1988, down from A\$1.3bn at the time of the crash.

But Mr Barry Capp, Ariadne's chairman, said yesterday that cash flows from the group's remaining businesses would still not support such a level of debt, and a further reduction to about A\$200m would be necessary.

The board is reviewing which remaining assets will be sold. The options include various industrial interests, in particular the Alkate equipment hire and waste management business, and property interests in south-east Queensland and the US West Coast.

Ariadne also has financial investments in Southern California Savings and Loan Association in the US, Renout Corporation in New Zealand and

Impala Pacific in Hong Kong. Mr Capp said that the further loss in the second half was "largely attributed to the continuing high interest costs and additional writedowns, particularly in respect to Renout Corporation."

Notes accompanying the accounts show the group wrote down its investments by A\$237m and wrote off A\$72m worth of non-recoverable receivables. Almost A\$260m of the writedowns came on the 36 per cent Renout stake. Another A\$108.5m related to Ariadne's 36 per cent of Impala, and a further A\$77.6m centred on an 11 per cent holding in Judge Corporation in New Zealand.

The rest came from A\$42m worth of writedowns on other listed investments and a bad debt write-off of A\$43.4m to a company called Willand to be associated with Mr Judge. The Willand transaction is the subject of an investigation by the National Companies and Securities Commission, Australia's share market watchdog.

The group is now estimated to have shareholders' funds, excluding minority interests, of some A\$350m, on the assumption that the contracted asset sales proceed to settlement.

However, the directors, who recommended no dividend, acknowledged yesterday that there was still a long way to go before Ariadne achieved viability, and that the company's future ownership remained unsettled.

Mr Judge is in the process of acquiring a 19.9 per cent stake. Mr Malcolm Edwards, Ariadne's deputy chairman, holds about 18 per cent through his Essington group.

GFSA profit hit by drop in gold production and higher tax rates

By Jim Jones in Johannesburg

LOWER GOLD production, higher costs and a greater overall tax charge overwhelmed the effects of higher gold prices, and led to a drop in September quarter net profits for the six gold mines managed by Gold Fields of South Africa (GFSA), the local affiliate of the UK's Consolidated Gold Fields.

In Johannesburg yesterday Mr Alan Wright, director of the GFSA gold division, was reluctant to discuss the implications of the mines' performances on the bid in London for Gold Fields by Minorco, the overseas arm of South Africa's

GOLD FIELDS OF SOUTH AFRICA QUARTERLIES

	Gold produced (kg)		After-tax profit (Rm)		Earnings per share (cents)	
	Sep 88	June 88	Sep 88	June 88	Sep 88	June 88
Deelkraal	2,430	2,296	42.9	35.9	29.0	13.6
Doornfontein	1,747	1,925	5.5	11.1	-2.4	12.6
Drie Cones	14,955	15,157	141.4	158.5	49.9	48.4
Kiehl	7,228	7,290	125.8	136.3	29.2	23.9
Libanon	1,827	1,741	11.7	13.5	14.1	13.5
Venterpoort	1,499	1,482	5.5	8.7	21.0	18.8
Violfontein	287	282	1.0	0.7	7.8	2.1

Earnings per share calculated after tax and capital expenditure.

Anglo American mining house. Drifontein Consolidated, the largest of the group's mines, is considered a crucial element in Gold Fields' defence. Through an unlisted company called Asteroid it and GFSA share equal ownership of 16.1m Gold Fields shares, or 7.5 per cent of the British company.

Asteroid borrowed abroad to finance the purchase and, converted at the financial rand exchange rate, Drie Cones' share of that liability was R353m on its latest June 30 year-end against R176m a year earlier. After allowing for this debt increase Drie Cones' directors valued the interest in Asteroid at an unchanged R42.3m by that date.

Gold production at Drie Cones dropped as a fire affected operations. In contrast, Deelkraal increased its milling rate and gold recovery grade, and Mr Wright hopes the new six grams/tonne (g/t) grade will be sustained.

Rights issue launched by Malaysia's D and C Bank

By Wong Sulong in Kuala Lumpur

DEVELOPMENT and Commercial Bank of Malaysia is to raise 127m ringgit (US\$47.3m) through a one-for-two rights issue to improve its capital gearing and to finance expansion.

It will be the second capital injection in less than 18 months. The bank raised 67.5m ringgit through a rights issue in July last year.

The latest issue amounts to 188.5m shares at 75 cents each. After the exercise, the bank's paid-up capital will increase to 254.25m ringgit comprising 508.5m shares.

D and C Bank also announced that, for the first six months to June, it recorded a pre-tax profit of 5.5m ringgit, down by 2 per cent, on operating revenue which fell by 15 per cent to 124.5m ringgit.

At Roxy Electrical Industries, a financially troubled investment group which holds 33 per cent of D and C Bank, shareholders voted to exempt United Industrial Corporation of Singapore from making a cash offer in the event of UIC obtaining general control of Roxy.

Roxy is proposing a one-for-one rights issue to raise 135.6m ringgit, and UIC has obtained rights entitlements from some

main Roxy shareholders. Also, it is to sub-underwrite the rights issue in full so that it is likely to end up with more than 33 per cent of the enlarged capital which would require a general offer under Malaysian takeover rules.

However, Malaysian regulatory authorities have agreed to waive the need for a general offer if Roxy shareholders exempt UIC from making one.

Bond moves to take HK arm private

By Michael Murray in Hong Kong

MR ALAN BOND tried yesterday to remove Bond Corporation International (BCI), the Hong Kong-listed subsidiary of his Australian corporate empire, from public hands less than two years after the company arrived with much fanfare on the territory's stock market.

During this time investors have seen several large acquisitions and asset disposals, occasionally volatile share price movements, and brushes with the local regulatory authorities.

Mr Peter Lucas, BCI managing director, said yesterday that, with the Hong Kong market in the doldrums and BCI's share price trading at a discount to net asset value, the rationale for having a listing in the territory had disappeared.

Mr Lucas estimated that BCI's net asset value stood was HK\$2.81 on June 30. He said raising capital through the stock market was difficult in the current environment, and expansion through borrowing would only lead to charges of overgearing.

No details of the offer to holders of BCI shares and warrants have yet been announced. The Australian parent holds 66.2 per cent of BCI, trading in which was suspended yesterday at

HK\$1.49 to give market capitalisation of about HK\$1.5bn (US\$208.8m).

BCI's main Hong Kong assets are its stake in the HK-TVB television station and 50 per cent of the Bond Centre, a prime office building in the Central financial district, which Mr Lucas described as a long-term asset.

The Hong Kong Government will soon rule on BCI's bidding in HK-TVB, which was acquired shortly after its listing in January 1987. BCI held 27 per cent in November when new rules concerning foreign ownership were announced, and now has a 31 per cent stake.

It is anticipated that it will have to reduce its holding only to the November level and will not be caught retroactively by the 10 per cent limit on foreign ownership.

Bell Group, 74 per cent owned by Bond Corporation Holdings and the former flagship of the Perth-based Mr Robert Holmes & Court, has sold two construction materials units to CSR, the Australian resources company. Reuter adds from Sydney.

No price was disclosed for Sellars Holdings, for which Bell paid A\$33m (US\$50m), and West Moreton Industries, which cost about A\$15m.

Mitsubishi Motors to be floated on Tokyo market

By Tony Jackson in Tokyo

MITSUBISHI MOTORS (MMC), Japan's fourth biggest car maker, is to be floated on the Tokyo Stock Exchange by the end of this year, according to market operators. The flotation, one of the largest seen in Japan, could value the company at up to ¥700bn (US\$25bn).

Because of its size, MMC is to be granted an immediate listing on the first section of the Tokyo Exchange, rather than being obliged to start on the junior second section. The only other company to have been granted this dispensation is the giant Nippon Telegraph and Telephone, which is due to sell a further tranche of its shares this month.


Among Japanese car makers, MMC ranks fourth behind Toyota, Nissan, and Honda in sales revenue, but ranks third in unit sales. Its major shareholders are Mitsubishi Heavy Industries and Chrysler of the

US. In the latest fiscal year, MMC had sales of ¥1,753bn, and operating income of ¥41bn. Earnings per share were ¥15.7, and book value per share was ¥215.

Market operators suggested the shares could be floated at between ¥700 and ¥1,000 each, valuing the company at between ¥3,700 and ¥5,400. Some analysts queried the upper figure, since it would represent a multiple of book value double that of other Japanese car makers.

It is not yet known whether the flotation will consist of share sales by the existing holders, or the issue of new capital. Since the motive behind the flotation appears to be the raising of cheap funds to relieve the strain on the company's balance sheet, analysts said a capital-raising exercise could be expected in the near future in any case.

To London Life policyholders



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\*Exchange rate of £1: A\$2.59 (as used in AMP's 1987 Accounts)

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London 7th October, 1988

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NEW ISSUE

6th October, 1988



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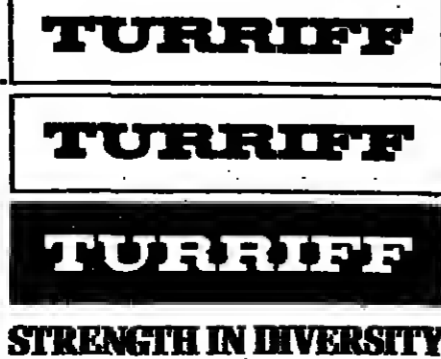
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INTERNATIONAL CAPITAL MARKETS

Australian A\$ issues hold the focus of attention

By Norma Cohen

US EMPLOYMENT data for September, due out today, have been holding the world's bond markets in thrall all week. Traders expressed amazement at the way in which bonds of several countries have been stymied ahead of the news so uncertain are they of the true condition of the US economy.

INTERNATIONAL BONDS

above \$400 an ounce. With Australia a major gold exporter, any increase in the price is bound to help the country's mushrooming trade deficit.

that the sector has offered recently. Dealers noted that only one of the day's issues was swapped. The underlying Australian government bond markets closed up about 1/4 points, aided by a rise in gold prices.

Japan sets up study on investment trusts

By Tony Jackson in Tokyo

JAPAN'S Ministry of Finance has set up a study group on the Japanese investment trust industry, which will consider whether foreign securities houses should be allowed into the market.

However, observers doubted whether foreign firms could in practice get a foothold in the market. The Japanese investment trust movement in the UK, relies heavily on retail sales and distribution.

Rizzoli seeks funds outside Italian market

By Norma Cohen

RCS EDITORIAL, owner of Rizzoli, the Italian publishing house, has signed an \$800m three-year loan with a multi-currency option.

The loan is arranged by Gemina Capital Markets, a subsidiary of Gemina, a major shareholder of RCS, with the co-operation of Banca Commerciale Italiana.

Manufacturers Hanover has been mandated to arrange a \$200m multicurrency loan for Hidro-Electrica Espanola, Spain's second largest electricity utility company.

The margin on the latest loan equals the lower 1/2 per cent of the second loan tranche. The margin is 10 basis points for banks lending \$2m to 25 basis points for banks lending \$1m or more.

Swiss 3-month issue THE Swiss Government is launching a new series of three-month money market certificates totalling around Sfr200m (\$220m).

NEW INTERNATIONAL BOND ISSUES

Table with columns: Issuance, Amount in, Coupon %, Price, Maturity, Form, Book runner. Includes entries for US Dollars, Canadian Dollars, Australian Dollars, D-Marks, Swiss Francs.

\*Not yet priced. \*\*Private placement. #With equity warrants. \$Convertible. Final terms: a) Coupon fixed as indicated. b) Coupon indicated 2 1/2-2 3/4%.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Large table with columns: US DOLLAR STRAIGHTS, YEN STRAIGHTS, OTHER STRAIGHTS, CONVERTIBLES. Lists various bond issues with their respective terms and prices.

Table with columns: Country, Issue, Amount, Coupon, Price, Maturity, Yield. Lists various international bonds with their respective terms and prices.

\*The Financial Times Ltd., 1988. Reproduction in whole or in part is not permitted without written consent.

CORPORATE SECURITY advertisement. The Financial Times proposes to publish a Survey on the above on 22nd November 1988. For a full editorial synopsis and advertisement details, please contact: Mark Jones on 01-248-8000 ext 3565.

ETS Japan sets up study on investment trusts... By Tony Jackson in Tokyo...

US employment jitters unsettle long bond prices

By Janet Bush in New York and Norma Cohen and Stephen Fidler in London
US TREASURY bonds fell slightly in New York yesterday... mostly on nervousness about the release of the latest US unemployment figures.

September's employment, industrial production, retail sales and producer prices, are expected to provide evidence of a "rebound" in economic strength last month after a rather subdued August... THE FRENCH Treasury auctioned FF77.83bn of bonds yesterday after previously stating that it would sell between FF60m-FF75bn of bonds...

BENCHMARK GOVERNMENT BONDS
Table with columns: Coupon, Bid, Price, Change, Yield, Week ago, Month ago. Rows include UK GILTS, US TREASURY, JAPAN, FRANCE, GERMANY, CANADA, AUSTRALIA.

Index arbitrage remains in the doldrums

Dominique Jackson on the post-crash outlook for program trading
Almost 12 months after last year's stock market crash, the tally of UK equity market participants who really understand what index arbitrage is and how it works are still vastly outnumbered by those who vaguely recall the technique as one which reportedly contributed to the break-neck speed of the US market last year.

liquidity in the equity market where spreads would be uncomfortably narrow.
One of the main factors checking the expansion of index arbitrage is the sheer practical difficulty of executing such large and complex transactions. In the US this is done via automated execution systems such as the DOT or Designated Order Turnaround system in operation on the New York Stock Exchange.

Fannie Mae looks overseas for funds

By Stephen Fidler, Euromarkets Correspondent
THE Federal National Mortgage Association intends to increase significantly the share of capital that it raises outside the US... Mr Maxwell, who this week completes a two-week tour of Europe, said: "We'd like to see the association, known as Fannie Mae, is a private corporation federally chartered to provide housing finance."

sharply. Investors then have to submit that principal at lower interest rates. Because of this reinvestment risk, mortgage-backed securities carry a yield premium. FNMA's own debentures carry a yield premium of 30 basis points over US Treasury paper, while its equivalent-rated mortgage-backed issues carry a 100 basis point premium. Non-US investors are unfamiliar with this. Mr Maxwell said that FNMA believed that it could best increase its sales to foreign investors through new types of mortgage securities, such as REMICs, which allow the repackaging of the cash flows from mortgages in a variety of ways.

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY
Table showing rises and falls in various market indices like British Funds, Domestic and Foreign Bonds, Industrial Shares, etc.

LONDON RECENT ISSUES

EQUITIES
Table listing recent equity issues with columns: Price, Bid, Ask, etc. for various stocks like British Petroleum, Shell, etc.

FIXED INTEREST STOCKS

Table listing fixed interest stocks with columns: Name, Price, Yield, etc. including British Government, Insurance, etc.

RIGHTS OFFERS

Table listing rights offers with columns: Name, Amount, Date, etc. including British Petroleum, Shell, etc.

A financial institution's figures based on projections... over based on dividend on full capital...

TRADITIONAL OPTIONS

- First Dealings Sep 26
● Last Dealings Oct 7
● Last Declarations Dec 22
● For settlement Jan 9

LONDON TRADED OPTIONS

Table listing London traded options with columns: Option Name, Calls, Puts, etc. including Allied Lines, BTL Airways, etc.

FT-ACTUARIES SHARE INDICES

Table showing FT-ACTUARIES SHARE INDICES with columns: Index, Change, etc. for various equity groups like CAPITAL GOODS, BUILDING MATERIALS, etc.

opening index 1839.4; 10 am 1857.9; 11 am 1833.0; noon 1829.1; 1.30 pm 1837.0; 4 pm 1840.2. First yield, high and low record, from data, valid and conditional changes are indicated in Saturday issue. A new list of companies is available from the Publishers, The Financial Times, Brackley House, Cannon Street, London EC4A 3DF, price 15p, by post 32p.

INTERNATIONAL COMPANIES AND FINANCE

# Nestlé buys US eyecare business for \$325m cash

By William Dullforce in Geneva

NESTLÉ, the Swiss foods group, announced yesterday that it plans to buy Cooper Surgical, the ophthalmic surgery business of Cooper Companies in Irvine, California for \$325m in cash.

A letter of intent has been signed by Alcon Laboratories, Nestlé's wholly owned subsidiary which is based at Fort Worth, Texas.

The transaction is subject to the signing of a definitive agreement and the approval of both companies' boards as well as US regulatory agencies.

Alcon expects to sign the final agreement this month and to complete the deal by the end of the year. Cooper Surgical has annual sales of around \$300m, generated on several international markets and in

the US. It manufactures disposable surgical kits and intraocular lenses as well as ophthalmic surgical instruments and systems.

Alcon is the world leader in eye care products and the largest unit in Nestlé's pharmaceutical products and cosmetics division which posted sales of SFr728m (\$460m) last year.

● Oerlikon-Buehrle Holding, the diversified Swiss industrial and defence group, said its 1988 net result would show a marked improvement on the loss of SFr115.2m reported in 1987, Reuter reports from Zurich.

It did not specify whether this meant it would reduce its losses or return to profit. The group said in May it expected

to be close to breaking even this year.

In a letter to shareholders, Oerlikon-Buehrle said that if business develops as expected, 1988 sales would be about 4 per cent higher than 1987's SFr4.11m. In May, the group predicted sales would rise around 5 per cent.

Consolidated group sales totalled SFr2.48m in the first eight months of 1988 compared with SFr2.45m in the same 1987 period. Oerlikon-Buehrle noted it had sold off some companies in the past year.

Sales of defence products increased, but the market remained unfavourable, with financial difficulties preventing many countries from carrying out their spending plans. Sales in other divisions were mixed.

# Dyno lifts profits by 10%

By Karen Fosell in Oslo

DYNO INDUSTRIES, the Norwegian diversified industrial group, yesterday posted a 10 per cent boost in net profits to Nkr11.8m (\$25m) in the first eight months of this year due to a 50 per cent improvement in sales and operating profits.

Dyno's operating income soared 33 per cent, by Nkr579m to Nkr3.6m, because of growth in business and acquisitions. Group operating profits increased 54 per cent to Nkr3.6m.

Net financial costs, however, increased because of Dyno's expansion strategy and high interest rates for the group's "most important funding operations".

For the year as a whole, Dyno said, it expects an improvement over last year's result mainly because of increased earnings in the explosives and chemicals businesses. "So far, the plastics and packaging businesses, and the machinery group have not managed to match last year's results," Dyno said.

# Zinc refiner goes into black

By William Dawkins in Brussels

VIELLE-MONTAGNE, Belgium's largest zinc refiner, has announced a profit recovery from a BFr41m (\$16m) loss in the first half of 1987 to a BFr53m profit for the first six months of 1988. This does not include a BFr277m exceptional gain on share sales.

Consolidated turnover rose 19 per cent to BFr16.25m. "The group also announced the completion of the financial restructuring forecast a year earlier, in the form of a BFr1.3m subordinated loan from Union Minière, its main shareholder, and a BFr50m loan from Générale de Banque, of which Union Minière is a wholly owned subsidiary.

# GBL forecasts higher earnings

GROUPS BRUXELLES Lambert (GBL), one of Belgium's largest holding companies, said yesterday that it expects both consolidated and non-consolidated profit to rise in 1988 with a dividend increase also likely, agencies report from Brussels.

In 1987 the group's consolidated profit dipped to BFr5.7bn (\$44m) from BFr6.5bn in 1986 while 1987 non-consolidated profit rose to BFr4.5bn from BFr3.4bn. The 1987 dividend totalled BFr168 per share, up from BFr150 in 1986.

The group said yesterday that its consolidated net profit for the first half totalled BFr4.4bn, up 4 per cent from the year-earlier figure and

nearly as high as the profit for the year as a whole in 1987.

It said that earnings per share had risen 3.6 per cent to BFr111 over the same time period.

Management said that the increase had been buoyed by stronger earnings of various companies in which GBL holds stakes. But it added that the increase was lower than it might have been due to the fact that GBL had derived higher gains from assets sales in 1987 than in 1988.

The parent company posted a profit of BFr2.8m in the first half, down sharply from BFr4.2bn in the year-earlier period. Earnings per share fell

to BFr161 from BFr241.

The drop in parent company profit was due to exceptionally high capital gains recorded in the year-earlier period.

● GB-Info-EM, Belgium's biggest retailer, said parent company operating profit rose "markedly" in the first six months of 1988 ended July 31 while turnover rose 3.7 per cent in value against the same 1987 period.

The company did not publish absolute figures and a spokesman declined to give them. He said the first-half 1988 results were devoid of extraordinary gains, unlike the previous year's, which featured the sale of a chain of 60 petrol stations.

# Alfred McAlpine warning on profits

By Ray Bashford in London

SHARES in Alfred McAlpine, the UK building, civil engineering and construction group, fell sharply yesterday after the company warned that annual profits would be "significantly" below the previous forecast.

The shares dropped 15 per cent to close at 299p, down 65p. Mr Bobby McAlpine, chairman, said the warning because of severe problems within the construction division which became apparent last month

and centre on public sector contracts. As a result, the company has instituted management changes.

Last July, while announcing a 6.5 per cent decline in interim pre-tax profits to £5.3m (\$8m), the chairman said that he expected full year results would be close to the previous £31.4m.

However, following yesterday's announcement analysts were expecting the company to

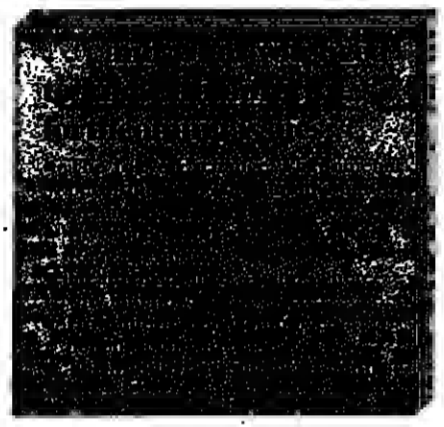
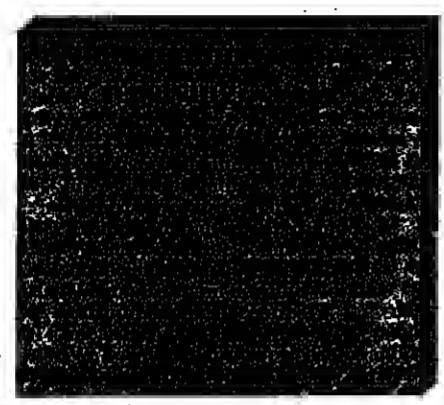
achieve pre-tax profits of between £18m to £25m with a range of between £21m to £22m likely to be closest to the mark.

The company said that despite the outlook, it expected to hold the final dividend at last year's rate.

The chairman said that during July the construction division had "just managed to break even" and that results during August "were not that good."

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 Nature of Business \_\_\_\_\_  
 Signature \_\_\_\_\_ Date \_\_\_\_\_

Offer not available to UK addresses.

# THE International

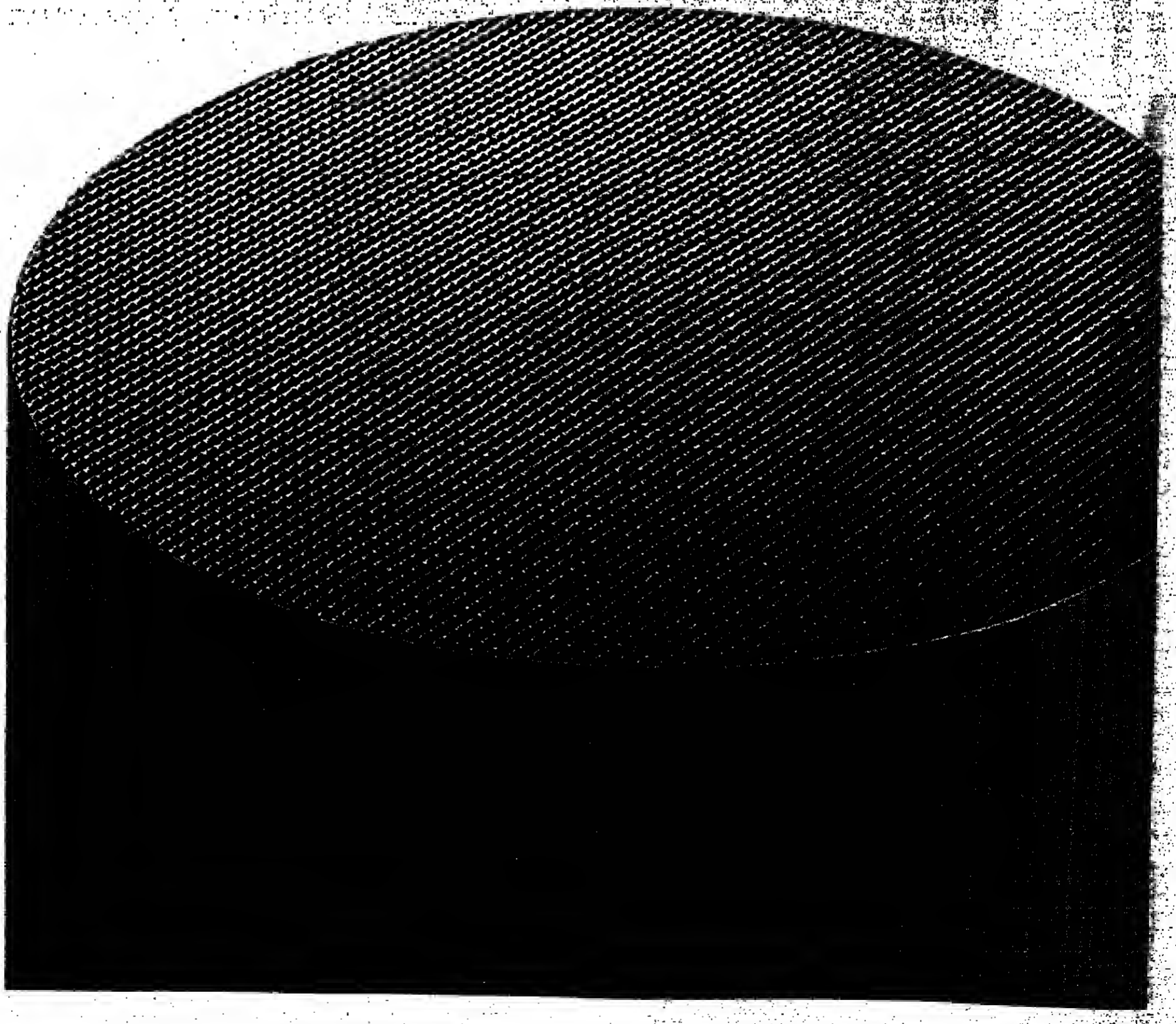
Please return to Jill Kirkman, Circulation Manager, The International, Greystoke Place, Fetter Lane, London EC4A 3DF, England.

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FINANCE  
 Dyno lifts  
 profits  
 by 10%

Karen Fossil in Oslo

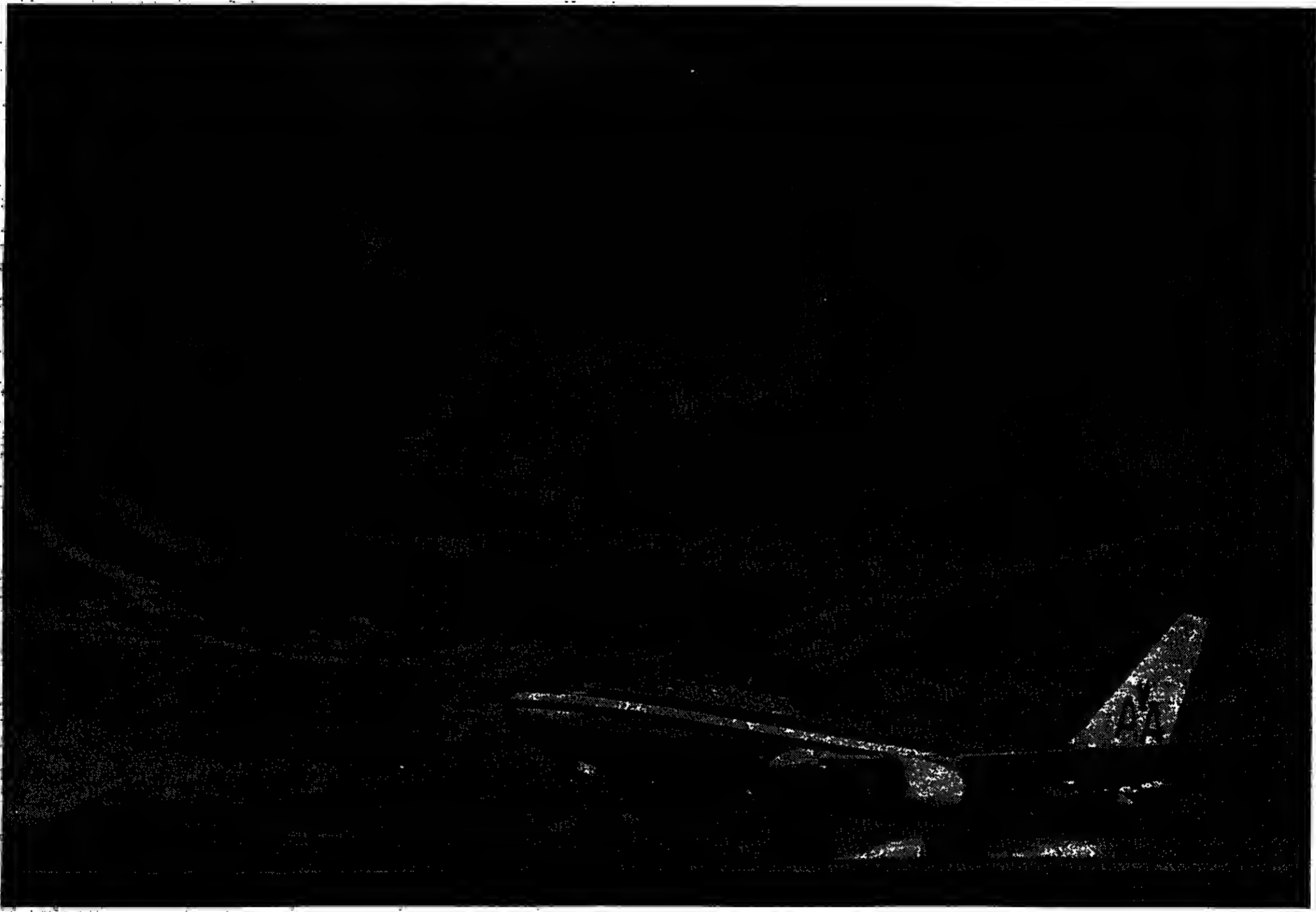
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Oil  
 Refiner  
 goes into black

William Dewiza  
 Brussels

Montage  
 1988

# GUESS WHO'S BRITAIN'S FAVOURITE TRANSATLANTIC AIRLINE?



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UK COMPANY NEWS

Bid would mark first major acquisition in UK

Australian approach for Aurora

By Ray Bashford

AUSTRALIAN NATIONAL Industries, that country's leading heavy engineering company, is poised to make its first major move into the UK with a possible takeover bid for Aurora, Sheffield-based engineering group.

cent stake through a dawn raid. The holding was extended to the present level in April. Mr Douglas Morton, Aurora managing director, said there had been "very limited contact" with ANI but that the approach was "far from unexpected."

ANI also holds a 6 per cent interest in William Cook, steel casting manufacturer, and recently took a 6 per cent stake in a US metal distribution company with a capitalisation of about the same size as Aurora as part of a move into North America.

forced by limits within its domestic market to seek expansion through international acquisitions. If a bid for Aurora were successful, it would be far ANI's most significant international move. The company has long held ambitions to establish a bigger presence in the UK and continental Europe to build an offshore development into New Zealand and South East Asia.

Pernod opens case against FII-Fyffes

By Kieran Cooke in Dublin

THE LATEST episode in the long and complex battle for the Irish Distillers Group got under way in the High Court in Dublin yesterday with Pernod Ricard, the French drinks company opening its case against FII-Fyffes, the Irish foods company and a major DG shareholder.

Pillsbury says Pennsylvania has dismissed GrandMet plea

PILLSBURY, the US food and restaurants group facing a \$528m (£31bn) takeover bid from Grand Metropolitan, said the UK company had been turned down in its request in Pennsylvania to have a temporary restraining order on its tender offer dismissed, agencies report from Minneapolis.

GrandMet from acquiring any Pillsbury stock on the basis that its acquisition would violate state laws banning liquor manufacturers from owning licensed retail outlets.

an amended offer filed with the Securities and Exchange Commission late on Wednesday. GrandMet said it entered into preliminary discussions with alcohol beverage authorities in relevant states to seek an exemption from the laws.

GrandMet in £3.5bn loan plan

By Stephen Fidler, Euromarkets Correspondent

GRAND METROPOLITAN, the drinks, food and retailing group, said yesterday it had put in place a \$2bn (£2.5bn) loan, the largest corporate financing ever raised in the international bank market, to finance its takeover bid for Pillsbury.

The company, which has arranged the financing itself, had already announced that \$3.75bn of the financing had been underwritten by the four main UK clearing banks. It said yesterday that six international banks would join the transaction, each underwriting \$375m.

The caps, said Mr McCann, have the advantage over interest rate swaps in that they are highly flexible. A further \$1bn of the company's portfolio was already fixed by interest rate swaps at an average weighted rate of 9 per cent.

MB plans to expand in the US

By Maggie Urry

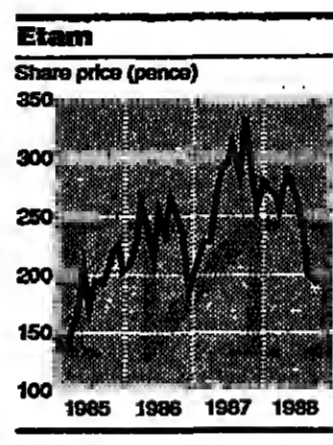
MB GROUP, formerly called Metal Box, the major UK-based packaging group, is actively pursuing acquisitions in the US as part of its strategy to build its North American business up to 20 to 25 per cent share of group turnover by 1991-92.

Etam ahead 10% to £6.12m

By Andrew Hill

ETAM, clothing retailer, increased profits by 10 per cent to £6.12m in the 26 weeks to August 13, against £5.56m in the equivalent period. Turnover rose from £49.5m to £53.5m, but earnings per share dropped 7 per cent to 6.21p (6.7p).

operating 185 (172) outlets at the halfway stage, added that the core business of Etam and Tummy had continued to perform satisfactorily. Total retail space increased from 447,000 sq ft to 539,000 sq ft. Some 65,000 sq ft has been opened since the beginning of the financial year and the opening of a further 20 outlets are planned soon.



or 10 per cent towards the end of the interim period. Austin Reed, another clothes group, also sounded a note of caution in its interim statement yesterday. Etam shares came down from a high of 344p before the crash to as low as 192p last month. The price has probably bottomed out, but investors may have to wait a while before it bounces back.

L&B discounts general offer for New Tokyo

By Nikki Tait

London & Bishopsgate Holdings said yesterday that it was not currently considering a general offer for New Tokyo Investment Trust, a £100m real estate fund managed by Edinburgh-based L&B.

Trafalgar buys Costain shares

By Nikki Tait

London & Bishopsgate Holdings said yesterday that it was not currently considering a general offer for New Tokyo Investment Trust, a £100m real estate fund managed by Edinburgh-based L&B.

Table with columns: Company Name, Current Price, Date of Payment, Current Dividend, Total Dividend for Year, Total Dividend for Last Year. Includes entries for BSN Group, Barry/Whitcomb, etc.

Austin Reed cautious on second half

By Andrew Hill

AUSTIN REED, upmarket clothing manufacturer and retailer, reported pre-tax profits up 15 per cent from £2.56m to £3.03m in the 26 weeks to August 13.

the economy a turn and the retail trade will be cautious for the second half. Austin Reed said the decline in tourist spending, combined with the stock market crash a year ago, had created less favourable conditions for the London branches.

mainly in Europe, provided the principal contribution to first half profits. Mr Fitton said Austin Reed was poised to announce the acquisition of a manufacturing company, which would supply an additional product line for the division.

the economy a turn and the retail trade will be cautious for the second half. Austin Reed said the decline in tourist spending, combined with the stock market crash a year ago, had created less favourable conditions for the London branches.

Restructure for MSCC board

By Andrew Hill

MANCHESTER SHIP Canal Company shareholders yesterday voted overwhelmingly to restructure the board and increase the company's borrowing powers by £5m to help finance future developments.

also because they have to be effected through a harbour revision order approved by Parliament. Minority shareholders with nearly half of the company's ordinary stock have objected and therefore the company will have to justify its arguments at an inquiry.

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Kleinwort Asset

By Nikki Tait

Kleinwort Benson Sterling Asset Fund had a net asset value of £23.93 (£24.425) per participating share at April 1 compared with £22.450 a year earlier.

Valme Ltd. Engelhard Corp.

Advertisement for Valme Ltd. and Engelhard Corp. Valme Ltd. (Normandy, France) has acquired the electronic scrap refining facility of Engelhard Corp. in Cinderford, United Kingdom.

SOCIETE INTERNATIONALE PIRELLI S.A. - BASLE

Pirelli U.K. International Finance B.V. 7½ % £40 Million guaranteed convertible bonds 1985 - 2000

In accordance with condition 11 (B) (f) (i) of the first schedule of the Trust Deed for the above mentioned convertible bonds, notice is hereby given to the Bondholders that the General Meeting of the Shareholders of Societe Internationale Pirelli S.A. will be held in Basle on Wednesday November 9, 1988.

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BCPF buy more and declare bid for TRIG unconditional

By Nikki Tait

BRITISH COAL Pension Funds (BCPF) declared their £260.5m bid for TRIG Industrial & General (TRIG), Britain's third largest investment trust, unconditional yesterday offering guidance to shareholders as soon as possible.

afternoon, and further meetings seem likely. Touche Bessant, the private fund management group which runs TRIG, said only that it would offer guidance to shareholders as soon as possible.

in as the first external shareholder during the summer, have pre-emptive rights to buy this stake. Touche has indicated that this right may well be exercised.

Galliford Preliminary Results

Table with columns: Year to 30th June, 1988, 1987, 1986, 1985. Rows include Turnover, Profit before tax, Earnings per share, Dividends per share. Includes notes on UP 20% and UP 30%.

\*All activities contributed to increased profits. \*Good start to the current financial year. \*The Board expects that the current year will be even more successful than the last.

Copies of the Report and Accounts will be available from 51st October 1988 and may be obtained from The Secretary, Galliford plc, Wolvay, Hinckley, Leicestershire, LE10 5AD

UK COMPANY NEWS

Heron increases stake in Virani property group to 15%
Control acquires £62.5m portfolio

By Paul Cheseright, Property Correspondent

HERON CORPORATION, Mr Gerald Robinson's privately-owned company, will hold 15 per cent of Control Securities following a £62.5m series of disposals to Mr Nassim Virani's property and general investment group.

any rise is being secured by the sale of five other properties, originally bought from British Land, for £22.5m. Sales since last April by Control total £70m.

Colefax in purchase to control US distribution
Buoyant construction sector helps Galliford rise to £6.31m

By Alice Rawsthorn

COLEFAX AND FOWLER, which makes the wallpaper and furnishing fabrics that adorn some of the grandest drawing rooms, is buying Cowtan and Tout, a US furnishings company, for \$18.8m (£10m).

By Richard Tomkins, Midlands Correspondent

BUOYANCY IN the construction sector and a strong housing market helped Galliford, Leicestershire-based contracting and housebuilding group, increase pre-tax profits from \$4.5m to \$6.31m in the year to June 30 1988.

"What was happening in the south-east two years ago is now spreading throughout our area of operation, and I'm confident this will continue for some time."

Sun Alliance to sell Canadian subsidiaries

By Nick Barker

SUN ALLIANCE, the composite insurer, plans to sell its two Ontario-based Phoenix insurance subsidiaries, for about £35m (\$77m), shrinking its exposure to the highly volatile Canadian property/casualty insurance market.

The news will mean the final severance of all trading ties between Sun Alliance and Continental. The US company, the 12th largest US property/casualty insurer, had a long-standing business relationship with Phoenix Assurance and owned 24.3 per cent of it until the takeover by Sun Alliance.

Setback sees Berry Birch dip to £257,000 midway

TAXABLE PROFITS fell 58 per cent from £546,157 to £257,000 at Berry, Birch and Noble in the six months to July 31. Turnover, however, was up 31 per cent at £2.96m, against £2.26m previously.

Photo-Me raises profits for year 19% to £11.29m

PHOTO-ME International, photographic booth manufacturer and operator, lifted pre-tax profits by 19 per cent to £11.29m in the year to end-April.

UTC more than doubled to £2.6m

UTC, stockbroking and corporate finance group, more than doubled taxable profits from £1.15m to £2.59m in the six months to the end of June 1988 on turnover up 49 per cent at £9.35m, against £6.28m.

Earnings per share for this

The company said all operations made a strong first-half contribution.

Minorco, Gold Fields had merger plan

MINORCO, the South African-controlled investment company which is bidding £2.9bn for Consolidated Gold Fields, yesterday released a detailed account of abortive merger talks between the two companies in 1986.

Julian Ogilvie Thompson, Minorco chairman, acknowledged Minorco's aspirations and that the discussions should embrace all possibilities, including that of merger.

Interim report and dividend for the six months ended September 30 1988 (unaudited)

Table with two main sections: Income statement and Balance sheet. Income statement shows dividends from £44.2 to £53.9 million. Balance sheet shows share capital of £10.0 million and retained earnings of £1,359.0 million.

Comment

The company's major asset is its 25.86 per cent investment in its sole listed associated company, De Beers Consolidated Mines Limited (De Beers), and the following information was included in that company's interim results for the half-year ended June 30 1988 which were published on August 16 1988:

Table showing Earnings per equity share before extraordinary items - cents. Attributable earnings: 216, 109, 282. Equity accounted earnings: 331, 164, 410.

Sales of diamonds by the Central Selling Organisation for the period January 1 to June 30 1988 were R4 691 million (US\$2 201 million), compared with R3 214 million (US\$1 560 million) during the corresponding period in 1987 and R3 086 million (US\$1 515 million) during the second half of that year.

PUBLIC WORKS LOAN BOARD RATES

Table with columns: Term, Rate, and other details. Shows rates for various periods like 1, Over 1 up to 2, Over 2 up to 3, etc.

HONG KONG AS A FINANCIAL CENTRE

The Financial Times proposes to publish this survey on: 26th OCTOBER 1988

Vertical text on the left margin including 'ania', 'et plea', 'an plan', 'ain shares', 'UNCED', 'NGS', 'Ltd.', 'Corp.', 'ford', 'etails', 'pic'.





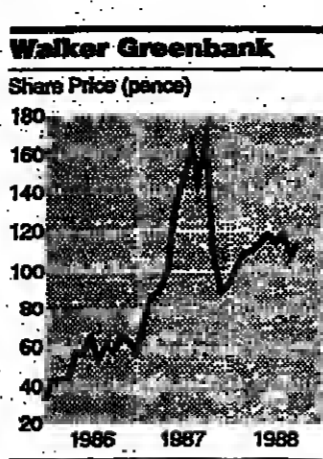
UK COMPANY NEWS

Walker Greenbank rises to £6.5m

By Andrew Hill

STRONG CONTRIBUTIONS from wallcoverings and automatic car washing helped Walker Greenbank, diversified consumer products and engineering group, increase pre-tax profits by 27 per cent from £5.12m to £6.52m in the half-year to July 30.

likely before the end of the year. He said the group would eventually sell its remaining engineering businesses. Turnover rose from £47.1m to £54.6m and the interim dividend is doubled to 1p. Earnings per share worked through at 4.65p, up from 3.66p last time.



The company is also hoping to expand its consumer products business in Europe, either by selling to the continent from existing sources in the UK, or acquiring a European distribution company.

Acquisition and profit rise at D&B

By Clay Harris

DEAN & BOWES Group, USM-quoted design and refurbishment contractor, is to buy TFL Group Holdings, a contract furnishing operator, for £8.5m.

£20m North Sea oil project

A contract, valued in excess of £20m, has been awarded to REDPATH OFFSHORE, part of the offshore and structural division of the Trafalgar House Group, by Hamilton Brothers Oil & Gas, operator for the Ravenspurn North Development partners.

The integrated deck forms part of the Ravenspurn North Development which is located in block 43/82 of the North Sea's southern basin. The deck will be supported on a concrete gravity structure which will stand in 43 metres of water some 60 kilometres east of Hull.

Work on the contract has already commenced and the project is due for completion at the end of March 1990. The main assembly of the structure will take place at Redpath Offshore's Linthorpe Dinsdale facility on Teesside with components also being fabricated at its Port Clarence facility.

West End offices development

WALTER LAWRENCE CONSTRUCTION, through its operating division Walter Lawrence City & Southern, has been awarded seven contracts with a total value of £9.35m in London.

Oxford Street, the company is stripping and replacing the finishes to the reception area for Anfield Properties at a cost of £500,000 and is carrying out an office refurbishment for CCF Group in the City of London for £1m.

total cost of the work will be £2.3m. In Gravesend, Kent, sheltered housing accommodation is being constructed at a cost of £2.3m.

Druck rises despite weak dollar

DESPITE THE adverse effects of the weaker dollar, Druck Holdings, USM-quoted electronic pressure measuring equipment manufacturer, lifted pre-tax profits by 18 per cent to £3.16m in the 12 months to the end of June 1988. Turnover rose 15 per cent to £14.33m.

Polymark up 59% to £881,000

POLYMARK International, laundry equipment, labelling systems and technographics group, increased profits by 59 per cent in the six months to June 30. The taxable result rose from £553,000 to £881,000 on sales up from £15,05m to £17,04m.

until the group had achieved the level of profits necessary to sustain dividend payments on both classes of shares. The French division recorded substantial growth in turnover and profits were £711,000 (£265,000). Demand for laundry equipment continued to rise strongly and Raleigh France, the bicycle distributor acquired in 1987, contributed significantly to turnover.

The laundry division continued to raise market share in the UK, but the profit contribution of £224,000 (£207,000) reflected the competitive bid since the order book had since strengthened and the division's profit performance for the year was expected to "be much better than 1987".

Jersey Genl agreed bid for Asset Trust

JERSEY GENERAL Investment Trust, which earlier this year was taken over by former and options broker I.T. Holdings, has announced a recommended £14.1m offer for Asset Trust, a fund management company run by Mr Brian Banks.

Asset Trust, JGHT says its formula asset value at end-September was 65p a share and that on this basis the offer value of £14.1m is at 94p each and the whole company at just over £14.1m.

Asset Trust, will become chairman of JGHT in place of Mr Michael Middlemas, who is also chief executive of I.T.

Swallowfield heads for USM

Swallowfield, Somerset-based manufacturer of trolley and household products in a special form, is joining the Unlisted Securities Market via a placing headed by County NatWest.

Bouygues builds W Kent Water stake

SAUR, a subsidiary of Bouygues, the French construction and service company, has declared a 15.9 per cent stake in West Kent Water, joining a motley collection of major shareholders in the statutory company.

On Tuesday, Mr John Stansby, SAUR (UK) chairman, said Bouygues intended to buy controlling interests in the UK's 29 statutory water companies, which work alongside the 10 water authorities, likely to be privatised next year.

Asset Trust, will become chairman of JGHT in place of Mr Michael Middlemas, who is also chief executive of I.T.

Billam recovers

J Billam continued its recovery in the first half of 1988. On turnover up 78 per cent to £2.15m, the Sheffield-based precision sheet metal engineer reported pre-tax profits of £23,309. In the same period last year, the group incurred a loss of £26,497, but ended the year with profits of £11,889.

Hazlewood acquisition

HAZLEWOOD FOODS, fast-growing food manufacturing group, has continued its tradition of small buy-on acquisitions with the purchase of a Dutch seafood company for £3.7m.

seafood businesses of International Shellfish, Shark and Olaf, Hazlewood subsidiaries.

Advertisement for REDROW GROUP. Includes financial highlights table comparing 1988 and 1987 performance. Turnover: 68,647 (1988) vs 50,961 (1987). Profit from operations: 8,688 vs 4,652. Profit before taxation: 7,440 vs 3,865. Shareholders' funds: 10,926 vs 6,100.

Norish improves 15% to £1.04m

Norish, refrigerated food storage and frozen food distributor based in County Monaghan in the Irish Republic, reported a 15 per cent rise in pre-tax profits from £1,06m to £1,22m (£1.04m) in the six months to June 30.

Manor National up 17% midway

Manor National, Manchester-based vehicle sales and leasing group, lifted pre-tax profits by 17 per cent from £28,000 to £32,600 in the six months to June 30.

Mecca spells out effects of £745m bid on earnings

Mecca Leisure has spelled out the likely effect on its earnings were its £745m bid for Pleasurama to succeed. Its claims for the level of earnings dilution for the combined group are considerably more optimistic than the calculations of many analysts and, more predictably, those of Pleasurama.

from the 14.4p forecast for 1988, combined with synergy benefits of 8 per cent of the combined group's pre-tax profits. Dilution falls to nil if synergy benefits are 9 per cent, and, according to Mecca, there would actually be earnings enhancement of 1 per cent if synergy benefits amounted to 10 per cent.

Grampian Hldgs almost double

A significant advance in its pharmaceutical division helped Grampian Holdings almost double group sales and profits in the six months to June 30.

Racal sets date for flotation

Racal, UK electronics group, has set next Wednesday, October 12 as the "impact day" for the flotation of its Racal Telecom subsidiary, which includes Vodafone, the car phone operation.

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Advertisement for Kingdom of Belgium DM 300,000,000 5 1/2% Bonds of 1988/1993. Includes offering price, interest, maturity, and listing information. Also lists participating banks like Deutsche Bank, Amro Handelsbank AG, etc.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Allport Unit Trust, and others with their respective details.

Table listing unit trusts under the heading 'Authorised Unit Trusts' with columns for name, manager, and other details.

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I.G. INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD. Tel: 01-828 7233/5699 Reuters Code: IGIN, 1610

CROSSWORD

No. 6,753 Set by DINMUTZ

Crossword puzzle grid with numbers indicating starting positions for clues.

ACROSS: 1 Expert has second knocked off (7), 5 Ask earnestly for beehives to be felled (7), 9 It does not give much of a shock to the angler (5), 10 Protection against damage done in Barking, say (4-5), 11 Guard seem changing into overalls (5), 12 Ropy sort of a show (5), 13 Do these birds have hard times? (5), 15 Old scientist and the swallows be made (9), 18 State of talking-bird and following wrong notes (5), 19 Theme of leading Olympic finalists (5), 21 Just fitting (5), 23 Where a counterchange is made for self-service (5), 25 Fine cabin, perhaps, of some natives (4-5), 26 Rod has changed to this paper (5), 27 Maker of theatre cuts when numbers are working (7), 28 Sensitive type in an electrical circuit? (5), DOWN: 1 Slim, second one to ignore advice from Polonus (7), 2 Discovery of a short musical composition (5), 3 Insect that will provide grub (5), 4 Uncontrolled road-speed is criminal (5), 5 Gatherings to see British paintings (5), 6 But it does not have a cube root (5-4), 7 Antelope in English estate (5), 8 Fell dead in retreat (7), 14 Much of its stock is boiled and bagged (9), 16 Master of the Rolls? (5), 17 Meaningful message given to worker (5), 18 Game of which Elgin was champion? (7), 20 Conservative party-member gossip (7), 22 Goss off to a port in Italy (5), 24 Noted wank of police corruption? (5)

Solution to Puzzle No.6,753

Table listing unit trusts under the heading 'Authorised Unit Trusts' with columns for name, manager, and other details.

Table listing unit trusts under the heading 'Authorised Unit Trusts' with columns for name, manager, and other details.

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GUIDE TO UNIT TRUST PRICING

The data included under the Authorised section of the FT Unit Trust Information Service is being expanded to improve the service to readers and to conform with new legislation. These changes are included in the price when the customer buys units. The price at which units may be bought. The price at which units may be sold. The price at which units may be sold. The price at which units may be sold.

Handwritten signature or mark at the bottom of the page.

FT UNIT TRUST INFORMATION SERVICE

Handwritten scribble in the top right corner.

Main body of the page containing a dense grid of financial data for various unit trusts, including columns for fund names, managers, and performance metrics.

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page



FT UNIT TRUST INFORMATION SERVICE

Main table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Type, and other details.

LONDON SHARE SERVICE

Table of London Share Service, including sections for British Funds, Foreign Bonds & Rails, and AMERICANS.

Table of Money Market Trust Funds and Money Market Bank Accounts, listing various financial products and their details.

OTHER OFFSHORE FUNDS

Table of Other Offshore Funds, listing various international investment vehicles.

Money Market Trust Funds

Table of Money Market Trust Funds, listing specific fund names and their characteristics.

Money Market Bank Accounts

Table of Money Market Bank Accounts, listing bank account options and interest rates.

LONDON STOCK EXCHANGE

Stock shortage pushes equities ahead

THE ADVANCE in London's equity market continued yesterday although the domestic institutions retreated to the sidelines...

Account Dealing Dates table with columns for West Dealings, Option Dealings, and Last Dealings.

gains were largely eliminated. A later upswing, which took market indices to their best levels of the day, owed much to a frantic search for stock by market-makers...

total, at around 22.5m, present any major problem for domestic institutions with cash balances currently at historic highs. At Warburg Securities, Mr John Graham commented...

the timing of the British Steel flotation for the second half of November was no great surprise, nor does its cash...

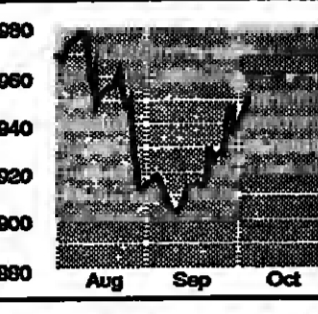
FINANCIAL TIMES STOCK INDICES

Table showing stock indices for Government Secs, Fixed Interest, Ordinary, Gold Mines, and S.E. Activity with columns for Oct 6, Oct 5, and High/Low.

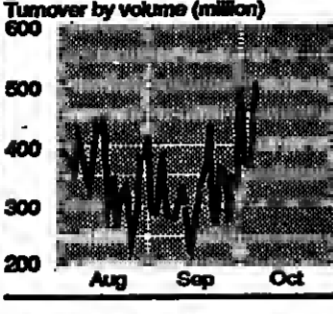
Coal gets Touche flagship

The fate of TR Industrial & General Trust, flagship of the shrinking number of Touche Remnant investment trusts, has been sealed less than twenty four hours after the Department of Trade announced that the bid from British Coal Pension Funds (BCPF) would not be referred to the Monopolies and Mergers Commission...

FT-A All-Share Index



Equity Shares Traded



apparently been triggered by the series of roadshows organised by the company's US advisers in the market yesterday suggested that the flotation of Rascal Telecommunications Group could raise as much as \$350m if the RTG shares are sold at anything like the expected price which should be revealed next Wednesday...

an outstanding gain, up 6% at 169p, still boosted by vague takeover speculation. Exploration Company of Louisiana entered in the limelight and closed 9 to the good at 121p on talk of imminent bullish exploration news...

Trading in the high street

retailers remained at a high level as market sentiment towards the sector took a distinct turn for the better. Despite the current uncertain outlook, several investment houses are starting to take a positive view of the sector in the wake of a long spell of underperformance. However, by the end of the day, movements were usually small and mixed.

its for the full year will be significantly lower than those for last year.

British Airways, a current favourite with a number of investment houses, were again actively traded. Some 5.5m shares changed hands before the price settled a shade earlier on the day at 169p. Bank of Scotland improved 9 to 718p; Sherratt Leighton Hutton recommended an above average weighting in the shares which it says are undervalued.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume in major stocks with columns for Share, Value, and Price.

Ultramar placed

Turnover in the new shares of Ultramar was significantly boosted by the placing of the "rump" of the rights issue - 5.4m shares - at 245p a share. Ultramar shares have risen substantially during the past few weeks accompanied by speculation that a stake-building operation has been carried out. The old shares of the oil group finally closed 2 firmers at 253p on turnover of 1.3m while the "new" ended the same amount to the good at 253p after turnover of 11m.

NEW HIGHS AND LOWS FOR 1988

- List of new highs and lows for 1988 including companies like British Airways, Bank of Scotland, etc.

NEW HIGHS AND LOWS FOR 1988

- Continuation of new highs and lows for 1988.

Bas was the other star performer

Bas was the other star performer, gaining 11 to 802p, although turnover was a modest 716,000 shares, much of it between 11am and 12pm. Grand Metropolitan rose 8 to 452p in turnover of 6.8m after a buyer of 500,000 shares lifted them off their low of 438p. There was less switching activity reported.

Traders offered a variety of reasons

Traders offered a variety of reasons for another surge in current levels. Illingworth reacted further to 194p, still reflecting termination of the discussion with one of the interested parties. Allied Textile, which may have led to an offer. Analysts awarded buy recommendations to Harrison's & Crossfield after Wednesday's sparkling interim figures, but the shares settled slightly lower at 68p. James Finlay went higher, although some researchers regard the stock as a sell.

P&O shares, up 16 to 585p

P&O shares, up 16 to 585p. They ranged from views of limited downside and strong fundamentals, a prolonged period of market underperformance, property attractions and a squeeze on market-makers' short positions. Volume of less than 1m shares suggested that the last increase was probably nearer the truth.

Options market remained at a relatively high level

Options market remained at a relatively high level yesterday, totalling 40,063 contracts, comprising 27,863 calls and 12,200 puts. The business came against the background of the rise in the FTSE 100 index, but again did little to qualify the gain. Turnover in the index consisted of 3,118 calls and 3,216 puts. It was notable for a building up of open interest in the October 1990 calls, of almost 1,000 contracts, to 3,500. The market makers offered prices in this series earlier at 5p. Hanson, with 2,850 calls and 1,778 puts was the most actively traded individual stock.

Other market statistics

Other market statistics including FT-Actives, Share Bids and London Traded Options, Page 37.

Senior London insurance post

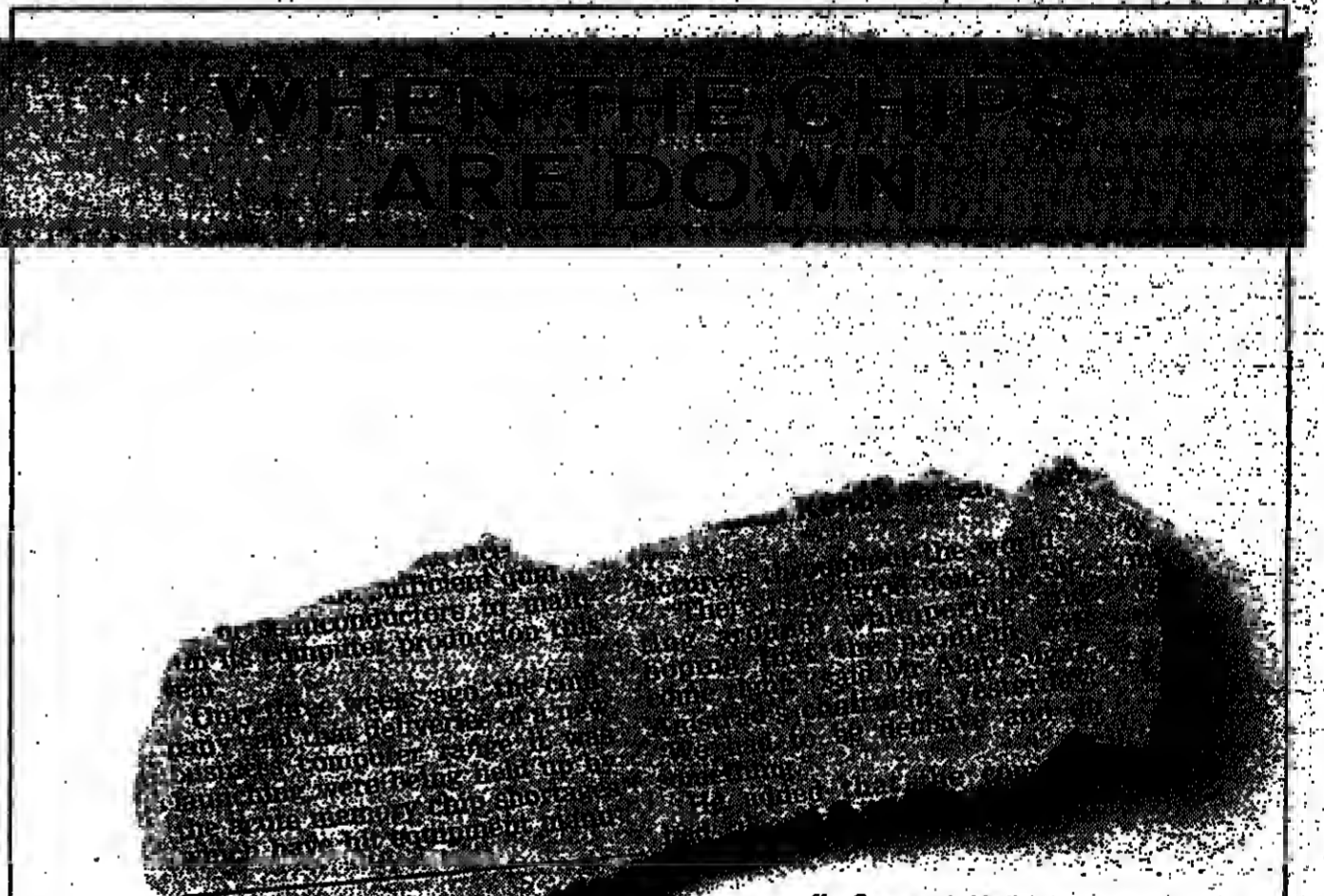
Marsh & McLennan Companies Inc is to centre its international business in London under the control of a new company called MARSH & MCLENNAN BOWRING. Mr Philip J. Brown Jr, deputy chairman of the new company, has taken up residence in London. He is a managing director of Marsh & McLennan and has had extensive experience in all aspects of direct insurance broking in Europe and North and South America.

APPOINTMENTS

- List of appointments including Mr Peter York, Mr Brian Gilbert, Mr Martin Lane, Mr Philip J. Brown Jr, Mr Duncan Smith, Mr Elizabeth Brimelow, Mr H.P. Bulmer, Mr Michael Hammond, Lord Armstrong of Ilminster.

managing director and Mr A. Gary Thompson financial director.

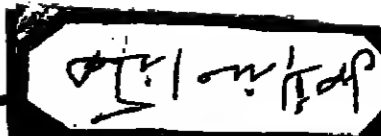
- Mr Brian Gilbert has become chief executive of the magazine publishing and exhibition interests of the MAXWELL COMMUNICATION CORPORATION. Mr Ron Dunn succeeds Mr Atterton as managing director of Ferranti Defence Systems. Mr Atterton remains a director of Ferranti International and a member of the Ferranti executive committee. Cable and Wireless has appointed Mr John Davenport as chief executive officer of Cable & Wireless North America Inc. Lord Armstrong of Ilminster, Mr Jock Green-Armytage and Mr David de Rothschild have been appointed non-executive directors of N.M. ROTHSCHILD & SONS.



Alan Sugar quoted in the Financial Times Wednesday, 5th October

Quite, Alan. But you won't hear a single whimper from Commodore. Because we made certain of our long-term supplies of memory chips months and months ago. By planning ahead and foreseeing such little hitches, we now hold 40% of all independently produced chips in the world. What this means is that a Commodore PC will arrive on time, whereas many competitors' PCs will not. Perhaps it's worth committing this number to memory... 0628 770088.

Commodore logo and slogan: WE'LL HELP YOU SEE THINGS DIFFERENTLY.



CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Attention turns to cross rates

THE DOLLAR remained locked in a narrow trading range yesterday, trading dealers attention towards the cross rates.

The Australian dollar was reported to be in demand, gaining support from a large buying order for gold, and a rally in the metal taking it back above \$400 an ounce.

The Spanish peseta is supported by high interest rates, and also met with demand. There were reports of cross trading involving the Spanish currency, and also buying of the D-Mark against the Swiss franc and Japanese yen.

When the major central banks acted in concert to sell the dollar last Monday week they could hardly have believed they would be so easily successful in establishing currency stability.

The dollar was capped at DM1.53, and has so far shown no sign of threatening that level again. There is also strong technical resistance at around DM1.555, which the market threatened to test earlier this week, but without any conviction.

The US currency is left in a narrow range. There has been no need for further central bank action because the dollar is underpinned by a strong US economy, and forecasts that today's September employment

data will be encouraging. Non-farm payrolls are expected to show a rise of about 250,000 to 300,000, compared with 219,000 in August, and unemployment is forecast to fall to 5.5 p.c. or 5.4 p.c. from 5.6 p.c. The dollar is unlikely to surge upwards however, because even if the figures are strong they are will probably not result in higher US interest rates.

Acrimony within Opec-Iran has accused Saudi Arabia of flooding the oil market - appears to be developing into a quota war, which as Iran said yesterday is forcing oil prices down to the benefit of industrial countries.

This is calming earlier fears that rising inflation could turn economic recovery into a world recession. Fading fears about inflation make it much less likely that the Federal Reserve will be sufficiently worried about overheating in the econ-

omy to put up interest rates. The approaching US Presidential election also probably reduces the chances of tighter credit policy by the Fed in the next month or so.

The dollar improved slightly to DM1.5365 from DM1.5325, and to FFfr.6350 from FFfr.6340, but was unchanged at Y133.45 and at SFfr.1530.

According to the Bank of England the dollar's exchange rate index was unchanged at 86.9. Sterling's index was unchanged at 75.3 throughout the day.

The pound lost 1/4 cent to \$1.8855, and eased to DM2.1550 from DM2.1600. It also fell to Y228.00 from Y228.25; and to SFfr.4600 from SFfr.4580; and to FFfr.170.75 from FFfr.171.00.

September monthly averages against the dollar for the major currencies were: sterling 1.8845; D-Mark 1.8664; yen 184.36; Swiss franc 1.6764; and French franc 6.5494.

FINANCIAL FUTURES

Short sterling impresses

THE PERFORMANCE of the short sterling contract on Liffe was considered encouraging by traders yesterday. It was suggested that the December contract may be set to break out of a trading range of 88.00 to 88.85, after holding above a chart resistance point of 88.06.

December short sterling closed at 88.15 on Wednesday,

and moved up to 88.21 yesterday. There is now seen to be strong support at 88.15, which is regarded as a possible bottom line for the contract.

Dealers said the contract is still likely to be sold at around 88.50, until a new trading range is established.

Gift futures were regarded as

expensive, but traders noted the December long gift easily broke through technical resistance at 95.25, and rose to 96.11 at the close, boosted by several stop loss buying orders at around the 96.00 level.

Recent intervention by the Government broker to buy stocks has made traders cautious of going short.

EUROPEAN OPTIONS EXCHANGE

Table with multiple columns: Series, Bid, Ask, etc. listing various financial instruments and their market data.

5 IN NEW YORK

Table listing various stock prices and market indicators for the New York market.

STEERING INDEX

Table showing the steering index for various currencies and commodities.

CURRENCY RATES

Table listing current exchange rates for major currencies like Sterling, D-Mark, Yen, etc.

OTHER CURRENCIES

Table showing exchange rates for various other currencies such as the Australian dollar and the Swiss franc.

EXCHANGE CROSS RATES

Table providing cross rates between different major currencies.

MONEY MARKETS

Lack of incentive

LACK OF incentive in the London money market has become very well illustrated by the interbank rate structure. Three-month money was unchanged virtually throughout at 12 1/8 p.c. yesterday, but was offered at 12 p.c. in places in very late trading.

EMU EUROPEAN CURRENCY UNIT RATES

Table showing the rates for the European Monetary Unit (EMU) against various currencies.

POUND SPOT-FORWARD AGAINST THE POUND

Table detailing spot and forward rates for the pound against other currencies.

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Table showing spot and forward rates for the dollar against other currencies.

EURO CURRENCY INTEREST RATES

Table listing interest rates for various Euro-denominated currencies.

FT LONDON INTERBANK FIXING

Table showing the interbank fixing rates for various currencies in London.

MONEY RATES

Table listing current money market rates for different terms and currencies.

LONDON MONEY RATES

Table showing London money rates for various instruments and currencies.

LIFFE LONG TERM FUTURES

Table listing Liffe long-term futures contracts and their prices.

LIFFE TREASURY BOND FUTURES

Table listing Liffe treasury bond futures contracts and their prices.

LIFFE FOREIGN EXCHANGE

Table listing Liffe foreign exchange futures contracts and their prices.

LIFFE SHORT TERM

Table listing Liffe short-term futures contracts and their prices.

LIFFE EUROSTAMP

Table listing Liffe Eurostamp futures contracts and their prices.

LIFFE SHORT TERM

Table listing Liffe short-term futures contracts and their prices.

LIFFE FOREIGN EXCHANGE

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LIFFE FOREIGN EXCHANGE

Table listing Liffe foreign exchange futures contracts and their prices.

CHICAGO

Table listing Chicago market data for various commodities and currencies.

LIFFE FOREIGN EXCHANGE

Table listing Liffe foreign exchange futures contracts and their prices.

LIFFE TREASURY BOND

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LIFFE TREASURY BOND

Table listing Liffe treasury bond futures contracts and their prices.

COMPANY NOTICES

PETROFINA advertisement featuring a logo and text about the attribution of one bonus share for ten existing Petrofina shares.

GLOBAL GOVERNMENT PLUS FUND LIMITED advertisement, including details about the fund and contact information.

ALUMINIUM advertisement by The Financial Times, proposing to publish a survey on aluminium.

LEGAL NOTICES and SHOOTING advertisements, including one for Broadway Farms Limited.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American companies such as American Express, American International Group, and American Overseas Corp. with columns for stock price and share details.

CANADIANS

Table listing Canadian companies such as Canadian National Corp, Canadian Pacific, and Canadian Tire with columns for stock price and share details.

BANKS, HP & LEASING

Table listing financial institutions and leasing companies such as Bank of Montreal, Royal Bank, and Finance Trust with columns for stock price and share details.

BUILDING, TIMBER, ROADS - Contd

Table listing construction and infrastructure companies such as Bovis Lend Lease, Bovis Lend Lease Group, and Bovis Lend Lease PLC with columns for stock price and share details.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies such as ICI, ICI Chemicals, and ICI Plastics with columns for stock price and share details.

ELECTRICALS - Contd

Table listing electrical companies such as British Electric, British Electric Group, and British Electric PLC with columns for stock price and share details.

ENGINEERING - Contd

Table listing engineering companies such as Balfour Beatty, Balfour Beatty Group, and Balfour Beatty PLC with columns for stock price and share details.

INDUSTRIALS (Misc.) - Contd

Table listing various industrial companies such as British Airways, British Airways PLC, and British Airways Group with columns for stock price and share details.

INDUSTRIALS (Misc.) - Contd

Table listing various industrial companies such as British Airways, British Airways PLC, and British Airways Group with columns for stock price and share details.

DRAPERY AND STORES

Table listing drapery and retail companies such as Debenhams, Debenhams Group, and Debenhams PLC with columns for stock price and share details.

BEERS, WINES & SPIRITS

Table listing beverage companies such as Carlsberg, Carlsberg Group, and Carlsberg PLC with columns for stock price and share details.

BUILDING, TIMBER, ROADS

Table listing construction and infrastructure companies such as Bovis Lend Lease, Bovis Lend Lease Group, and Bovis Lend Lease PLC with columns for stock price and share details.

BUILDING, TIMBER, ROADS

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ENGINEERING

Table listing engineering companies such as Balfour Beatty, Balfour Beatty Group, and Balfour Beatty PLC with columns for stock price and share details.

HOTELS AND CATERERS

Table listing hotel and catering companies such as British Airways, British Airways PLC, and British Airways Group with columns for stock price and share details.

INDUSTRIALS (Misc.)

Table listing various industrial companies such as British Airways, British Airways PLC, and British Airways Group with columns for stock price and share details.

INSURANCES

Table listing insurance companies such as British Airways, British Airways PLC, and British Airways Group with columns for stock price and share details.

LEISURE

Table listing leisure companies such as British Airways, British Airways PLC, and British Airways Group with columns for stock price and share details.

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LONDON SHARE SERVICE

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LEISURE - Contd

Table of stock prices for Leisure sector, including companies like Leisure Group, Leisure Leisure, etc.

PROPERTY

Table of stock prices for Property sector, including companies like Property Group, Property Property, etc.

TEXTILES - Contd

Table of stock prices for Textiles sector, including companies like Textiles Group, Textiles Textiles, etc.

TRUSTS, FINANCE, LAND - Contd

Table of stock prices for Trusts, Finance, and Land sector, including companies like Finance Group, Finance Finance, etc.

OIL AND GAS - Contd

Table of stock prices for Oil and Gas sector, including companies like Oil Group, Oil Oil, etc.

MINES - Contd

Table of stock prices for Mines sector, including companies like Mines Group, Mines Mines, etc.

MOTORS, AIRCRAFT TRADES

Table of stock prices for Motors and Aircraft Trades sector, including companies like Motors Group, Motors Motors, etc.

TOBACCO

Table of stock prices for Tobacco sector, including companies like Tobacco Group, Tobacco Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of stock prices for Trusts, Finance, and Land sector, including companies like Finance Group, Finance Finance, etc.

OVERSEAS TRADERS

Table of stock prices for Overseas Traders sector, including companies like Overseas Group, Overseas Overseas, etc.

PLANTATIONS

Table of stock prices for Plantations sector, including companies like Plantations Group, Plantations Plantations, etc.

MISCELLANEOUS

Table of stock prices for Miscellaneous sector, including companies like Miscellaneous Group, Miscellaneous Miscellaneous, etc.

COMMERCIAL VEHICLES

Table of stock prices for Commercial Vehicles sector, including companies like Commercial Group, Commercial Commercial, etc.

INVESTMENT TRUSTS

Table of stock prices for Investment Trusts sector, including companies like Investment Group, Investment Investment, etc.

FINANCE, LAND, ETC

Table of stock prices for Finance, Land, etc. sector, including companies like Finance Group, Finance Finance, etc.

MINES

Table of stock prices for Mines sector, including companies like Mines Group, Mines Mines, etc.

CENTRAL AFRICA

Table of stock prices for Central Africa sector, including companies like Central Group, Central Central, etc.

EASTERN AFRICA

Table of stock prices for Eastern Africa sector, including companies like Eastern Group, Eastern Eastern, etc.

COMPONENTS

Table of stock prices for Components sector, including companies like Components Group, Components Components, etc.

SHIPPING

Table of stock prices for Shipping sector, including companies like Shipping Group, Shipping Shipping, etc.

SHOES AND LEATHER

Table of stock prices for Shoes and Leather sector, including companies like Shoes Group, Shoes Shoes, etc.

G.F.S.

Table of stock prices for G.F.S. sector, including companies like G.F.S. Group, G.F.S. G.F.S., etc.

DIAMONDS AND PRETIUMS

Table of stock prices for Diamonds and Precious Metals sector, including companies like Diamonds Group, Diamonds Diamonds, etc.

CENTRAL AFRICA

Table of stock prices for Central Africa sector, including companies like Central Group, Central Central, etc.

NEWSPAPERS, PUBLISHERS

Table of stock prices for Newspapers and Publishers sector, including companies like Newspapers Group, Newspapers Newspapers, etc.

SHIPPING

Table of stock prices for Shipping sector, including companies like Shipping Group, Shipping Shipping, etc.

SHOES AND LEATHER

Table of stock prices for Shoes and Leather sector, including companies like Shoes Group, Shoes Shoes, etc.

OIL AND GAS

Table of stock prices for Oil and Gas sector, including companies like Oil Group, Oil Oil, etc.

FINANCE

Table of stock prices for Finance sector, including companies like Finance Group, Finance Finance, etc.

AUSTRALIANS

Table of stock prices for Australian sector, including companies like Australian Group, Australian Australian, etc.

PAPER, PRINTING, ADVERTISING

Table of stock prices for Paper, Printing, and Advertising sector, including companies like Paper Group, Paper Paper, etc.

SOUTH AFRICANS

Table of stock prices for South Africans sector, including companies like South Group, South South, etc.

TEXTILES

Table of stock prices for Textiles sector, including companies like Textiles Group, Textiles Textiles, etc.

REGIONAL & IRISH STOCKS

Table of stock prices for Regional and Irish Stocks sector, including companies like Regional Group, Regional Regional, etc.

TRADITIONAL OPTIONS

Table of stock prices for Traditional Options sector, including companies like Options Group, Options Options, etc.

INDUSTRIALS

Table of stock prices for Industrials sector, including companies like Industrials Group, Industrials Industrials, etc.

Small text at the bottom of the page providing additional information and disclaimers.

COMMODITIES AND AGRICULTURE

# Stability returns to oil markets after declines

By Steven Butler

A DEGREE of stability returned to oil markets yesterday following the heavy price declines of the past two weeks. Prices were marginally higher throughout most of the day in European trading, although they fell back later.

North Sea Brent oil for October delivery finished the day unchanged at \$11.25 cents a barrel. At the New York Mercantile Exchange, November futures for West Texas intermediate crude were up 6 cents at \$12.66 at midday.

Nymex said it would increase margin requirements by \$500 a contract from today. The margin for crude oil, heating oil, and gasoline futures contracts will be \$2,000 for clearing members and \$2,500 for customers.

There was little news during the day to sway the price strongly.

There were reports, however, of growing concern within the Organisation of Petroleum Exporting Countries over Saudi Arabia's decision to raise oil output to counter the quota violations of other members.

Iran launched a broadside against the Saudi change of policy and accused it of leading efforts to flood the market with oil. Iran's exports briefly touched 3.4m barrels a day at the end of September, compared with its quota of 2.4m b/d.

Ecuador and Venezuela also expressed concern at the Saudi action.

# Loss of sheep premium 'inevitable', says Lords

By Bridget Bloom, Agriculture Correspondent

BRITAIN'S LAMB producers must accept as inevitable the phasing out of the variable sheep premium, provided for as a key element in the reforms of the European sheepmeat regime, the House of Lords Select Committee on the European Communities believes.

In its latest report, the Committee says that British sheepmeat producers will have to forego the premium as an inevitable consequence both of the reforms, and of the move towards a single European market in 1992.

However, if the industry is to get full benefit from that market, it must improve the marketing and promotion of British lamb, otherwise it will risk losing out to New Zealand products at home, and Irish lamb in export markets.

Britain is the only EC country to operate the variable sheep premium. It stemmed from the pre-1980 efficiency payment system and is paid weekly on lambs for slaughter to make up the difference between the market price and a guide price which varies according to the season.

The EC Commission has proposed that the variable premium should be phased out over the next three years to be replaced by a general support on ewes in 1992.

Review of the Sheepmeat Regime. House of Lords 18th report session 1987-88. HMSO £10.80

# Industry urged to back zinc contract

THE LONDON Metal Exchange's new special high grade zinc contract needs greater industry involvement to increase liquidity and lessen potential problems with price distortion, according to Mr Raj Bagri, chairman of Metallist UK, a full ring trading member of the LME, reports Reuters.

Mr Bagri, addressing the Metal Bulletin Leadership Conference, said he was encouraged by the number of smelters who had said they would use the new contract as a basis for pricing. But it now needed the miners to follow suit.

"With the support of all users of the market, SHG will work well," he said.

Since the LME introduced the special high grade contract on September 1 several European producers have said they will switch pricing of their sales from the European Producer Price, which is based on a so-called good ordinary brand zinc, to the SHG price, while others have said they are considering it.

Traders have noted, however, that miners have been more reluctant to commit themselves, although MIM Holdings in Australia said on Wednesday that it enthusiastically embraced the idea of shifting from the European Producer Price.

Smelters currently buy in concentrates according to a formula based on the EPP.

This can lead to distortions when the EPP gets significantly out of line with the market price, as has happened increasingly in recent volatile market conditions.

Growers are replacing the bees with hand-held pollination sprays, which are said to do the job better.

Only the female kiwi fruit vine bears fruit - and only after being pollinated with pollen from the male vine. Every season millions of bees are set to work in the orchards to perform this task - which they undertake reluctantly and with varying degrees of success. Reluctantly, because the kiwi fruit flower does not provide nectar - the objective and desire of every foraging bee.

To ensure that plenty of bees

# Low grain stocks spark food security fears

## Bridget Bloom on recent challenges to conventional wisdom about production levels

IT HAS become conventional wisdom over the past few years that the world produces too much grain and that the huge cereal surpluses which have been built up in the rich industrialised world are both costly and unnecessary.

Farmers throughout the European Community are even now being wooed by their governments to accept payment for growing nothing on good arable land, while the prices they will receive for their wheat or maize at the farm gate have been steadily declining as part of a concerted EC effort to reduce production.

Yet in the last three weeks, three separate reports, published in Washington, Rome and London, challenge the assumption that the world is producing too much grain.

The most dramatic comes from the Worldwatch Institute, a Washington based research organisation whose director, and author of the report, Mr Lester R. Brown, is a former senior official of the US Department of Agriculture.

Mr Brown outlines the "precipitous decline" in world stocks of grain over the last two years. Reduced from 458m tonnes to 253m tonnes, it is estimated that grain stocks

"will have dropped from the highest level ever to the lowest since the years immediately following World War II." This amounts to 54 days of consumption, less than the 57 days supply at the end of 1972 when grain prices doubled.

Worldwatch believes that world food security could well be threatened, because the declining stocks must be replaced against the background of two alarming trends: the marked decline in the growth of food output over the last four years, and the "warming of the planet" which scientists believe could produce more severe droughts such as that which has cut North American grain production this year by between 25 and 40 per cent.

The potential dangers of lower grain stock levels, if not Worldwatch's longer term judgments, are endorsed by reports from the UN Food and Agriculture Organisation in China's 7th annual report, published in London.

In the September issue of its Outlook publication, the FAO says that the severe drought this summer in North America will send cereal stocks below the minimum considered necessary to safeguard world food security. The carry-over of stocks from this present season

into 1988-89 would be 16 per cent of anticipated consumption for the following year, rather than the 17-18 per cent considered safe. "Global cereal output will need to increase by 220m tonnes or 13 per cent in 1989 to bring stocks back to this minimum safety level," the FAO believes.

The International Wheat Council, in a report on the outlook for grain stocks issued at the end of last month, is more cautious though it accepts that consumption in 1988-89 "can only be met by a substantial draw-down of stocks," which are forecast for wheat at 94m tonnes (77 per cent down on the previous year) and 120m tonnes for coarse grains (45 per cent down).

All three reports agree that the principal reason for the declining grain stocks is the North American drought, though the Soviet harvest is also thought likely to be only 200m tonnes against an estimated 250m tonnes, partly due to drought.

Worldwatch, however, also notes recent droughts in China, charts a marked decline in the growth of grain production, particularly in populous countries like India, China and Mexico, once noted for their "green revolutions,"

where production has levelled off since the early 1980s. "While populations continue to increase in the developing world, Worldwatch questions whether production there can keep pace. It believes that there, as well as in industrialised nations like the US, the huge increases in past production have partly been accounted for by 'over-ploughing and over-pumping,' a process that is bound to slow down production in future as land quality declines.

If farmers had unlimited resources of soil and water they could easily meet the challenges before them," Mr Brown says. However, "the reality is that they will begin the next decade with a cropland base that is no longer expanding, a scarcity of fresh water and no major new technologies... that will lead to the quantum jumps in world food output such as those associated with the spread of hybrid corn, the nine-fold increase in fertiliser use between 1950 and 1984 and the near-tripling of irrigated area during the same period."

Worldwatch believes that even with the warming of the planet which now seems underway, the odds are probably against another severe

drought in North America next year. "We're it to happen. However, 'the world would face a food emergency.'"

Meanwhile - in case European farmers might interpret these new warnings as a potential green light to produce more - a more conventional view of the future was offered by Mr John MacGregor, British Minister of Agriculture, earlier this week. "Is the world cereal surplus a thing of the past and should we now be looking to expand production to meet rising demand?" he asked in a speech to the UK Agricultural Supply Trade Association.

Noting that even with higher world prices as a result of the US drought, the export of wheat was still costing the EC 240 a tonne in subsidies, Mr MacGregor said he thought "such a reaction would be premature."

He added that events in the 1970s - when cereal shortages had driven prices and then production up - had shown that "it does not take long for a perceived shortage to turn into an actual surplus."

Worldwatch Paper 88, *The Changing Food Prospect: The Nineties and Beyond*. Worldwatch Institute, 1770 Massachusetts Avenue, Washington DC. Price \$4.

# Feed shortage may hinder Chinese livestock expansion plans

By Nancy Dume in Washington

CHINA'S AMBITIOUS plan to increase supplies of meat, poultry and dairy products may be hindered by its insufficient and expensive feed grain supplies, according to the US Department of Agriculture. With American farm organisations and the USDA increasing their contacts with Chinese agricultural planners, the department is keeping a close watch on developments.

China's 7th year plan (1985-1990) calls for increasing the production of meat to 22.75m tonnes, up 18 per cent from 1985.

Poultry production is planned to increase by nearly 24 per cent by 1990 from the 1987 level of 2.1m tonnes.

However, USA analysts believe that feed grain imports will be limited in the next two to three years by high input prices and by China's inability to earn sufficient foreign exchange to pay for them.

Large centralised pig and poultry operations with adjoining feed mills are not expected to have as much trouble as the small mills which need compound feeds.

China's goal for compound feed production in 1990 is 50m tonnes, but the USDA says many local experts fear that feed is too high. Given the current outlook for grain and soybean prices, analysts say a more realistic figure for 1990 might be in the range of 35m to 40m tonnes.

# Spray pollination of kiwi fruit puts honey bees out of a job

## Dai Hayward describes how the march of science is helping New Zealand growers to boost their crops

THE HARD-WORKING honey bee is being retired from New Zealand's kiwi fruit orchards as science and technology take over the job of pollinating the female kiwi fruit flower. Growers are replacing the bees with hand-held pollination sprays, which are said to do the job better.

Only the female kiwi fruit vine bears fruit - and only after being pollinated with pollen from the male vine. Every season millions of bees are set to work in the orchards to perform this task - which they undertake reluctantly and with varying degrees of success. Reluctantly, because the kiwi fruit flower does not provide nectar - the objective and desire of every foraging bee.

To ensure that plenty of bees

are on hand to transfer the pollen from male to female flowers during the three weeks' pollination period, growers hire beekeepers to place strategically throughout their orchard. Last season, each hive cost New Zealand growers NZ\$90 (35p) and the average orchard could require up to 15 hives.

However, even the industrious honey bee will not work too long without reward. After three or four days, finding no nectar flowing into the hive, the community sends out scouts to search for sweeter-tasting, more rewarding flowers.

To ensure that the bees do not desert the kiwi fruit orchards *en masse* before most of the female vines are pollinated, orchard owners

stagger the placing of the hives during the three-week season. To induce them to stay a little longer before deserting the kiwi fruit, some place pans of sugared water covered by sackcloth among their vines.

Without adequate pollination of the female vine, its fruit will be underweight and under-sized.

There are more than 200m grains in just one gram of pollen. Each grain must have exactly the 'right conditions' if it is to remain effective during the pollination period.

It is the number of viable grains of pollen transferred by the bees from the male to the female flower which decides the number of seeds in an individual fruit - and it is the number of seeds which determines the final weight and size.

Both are of vital importance to growers exporting to world markets. Fighting increased competition from other countries which have developed kiwi fruit industries, New Zealand, which was the first to produce the delicious green kiwi fruit, has set extremely high standards of quality for its export fruit.

A New Zealand agricultural scientist, Dr Murray Hopping, spent a long time studying how the efforts of the bees could be improved. He finally developed a method of bypassing them altogether. This involves pollinating each female flower by means of a hand-spray.

The pollen is collected by hand, and transferred to a special solution. The mixture is carried between the rows of

vines in a tractor-drawn tank which moves ahead of the sprayers. They push the nozzle of their hand-pumps into the opening of each female flower. It is claimed that hand-spray pollination improves the quality and quantity of export fruit from an orchard by up to 25 per cent.

Spray-pollination ensures that a larger proportion of the female flowers in the orchard receive an adequate amount of male pollen. It takes about 1 gram of pollen to pollinate a mature vine successfully.

Growers who have adopted the hand-pollination system claim impressive results which justify the NZ\$20,000 outlay at present needed to buy the patented pollen and pump.

One prominent grower says hand-pollination boosted his

export crop by more than 12,000 trays to 68,000 trays last season.

Spray pollination enthusiasts expect that eventually supplies of pollen will be available commercially, thus freeing individual growers from the time-consuming chore of collecting it by hand.

The government-run agricultural research centre has already planted an all-male orchard, which will provide about a tonne of pollen for hand-spray pollination next season.

So the industrious honey bee, which has worked hard for little 'real' reward in the development of New Zealand's kiwi fruit industry, may soon be allowed to seek sweeter pastures.

# Canadian coal exports rose 32% in first half

By David Owen in Toronto

CANADIAN COAL exports rose strongly in the first six months of this year because of strong demand from Pacific rim countries and various problems in other coal-producing countries.

In all, first half exports were up 32 per cent from corresponding year-earlier levels at 15.1m tonnes, according to the Calgary-based Coal Association of Canada. Metallurgical grade material comprised the bulk - 14.1m tonnes - of this figure. However, thermal coal exports increased by 43 per cent to just over 2m tonnes.

A CAC spokesman attributed the improvement to "exceptionally strong" demand and declining stockpiles.

He added that Canadian producers were "virtually sold out" for the remainder of the year.

Canadian producers' share of the key Japanese metallurgical coal market is estimated at over 28 per cent. The country produces some 8 per cent of internationally-traded metallurgical coal.

Almost 50 per cent of overall first half Canadian output of 34.9m tonnes was exported.

WORLD COMMODITIES PRICES

LONDON MARKETS

GOLD				
Bullion closed at \$403.25 an ounce yesterday - the first move above the \$400 level for two weeks... as crude oil prices stabilised and some buying interest appeared. London prices traded all day above \$400 after an overnight New York rally and gains in the Far East. Traders said the market had been oversold recently, encouraging short-covering and attracting additional buying. Platinum and silver prices also rose. On the LME copper prices advanced. Bullish sentiment has been mainly inspired by the gains on Comex, where fund buying is breaching overhead chart resistance as warehouse stocks decline, traders said. Recent production problems at OK Tedi in Papua New Guinea, reduced output from Zambia and the threat of a Peruvian miners' strike next week also helped the advance.				
SPOT MARKETS				
Crude oil (per barrel FOB)				
Dubai	\$8.95-9.25	-0.05		
Brent Blend	\$11.25-11.50	+0.10		
W.T.I. (1 pm est)	\$12.65-12.82	+0.15		
Oil products				
(NWE prompt delivery per tonne CIF)				
Premium Gasoline	\$108-110	-4		
Gas Oil	\$105-104	+1		
Heavy Fuel Oil	\$51-53	-3		
Naphtha	\$75-78	-1		
Petroleum Argus Estimates				
Other				
Gold (per troy oz)	\$403.25	+7.25		
Silver (per troy oz)	\$32.00	+1.10		
Platinum (per troy oz)	\$618.75	+4.50		
Palladium (per troy oz)	\$120.00	+1.25		
Aluminium (free market)				
Copper (US Producer)	\$2.14-2.22	+0.12		
Lard (US Producer)	\$27.00	+0.50		
Nickel (free market)	\$92.00	+3.00		
Tin (European free market)	\$2,825	-10		
Tin (Kuala Lumpur market)	\$2,750	-10		
Cattle (live weight)				
Sheep (head weight)	\$18.50p	+0.40p		
Pigs (live weight)	\$74.50p	+3.50p		
London daily sugar (raw)				
London sugar (white)	\$281.00	+4.2		
London sugar (brown)	\$275.00	+3.5		
Tea and Life export prices	\$1.50	+2.5		
Berley (English feed)				
Maize (US No. 3 yellow)	\$127v	+0.5		
Wheat (US Dark Northern)	\$134.25	+0.50		
Rubber (RSS)				
Rubber (RSS No. 1)	\$1.00	+0.50		
Rubber (RSS No. 2)	\$0.75p	+0.50		
Rubber (RSS No. 3)	\$0.50p	+1.0		
Cocoa (US Philadelphia)				
Palm Oil (Malaysian)	\$27.00	+0.25		
Copra (Philippines)	\$28.00	+0.50		
Soyabean (US)	\$302.5	-1.5		
Cotton "A" (raw)	\$1.80	-0.50		
Wooltopps (64 Super)	\$85	-0.50		
A tonne unless otherwise stated, p=per cent, c=cents, b=barrel, q=quarter, S=Sept, O=Oct, N=Nov, D=Dec. Commission average lastest prices. * change from a week ago. ** London physical market, CIF Rotterdam. *** Bullion market close. M=Malaysian cents/kg.				

LONDON METAL EXCHANGES

Aluminium, 99.7% purity (8 per tonne)						
Close	Previous	High/Low	AM Official	Korb close	Open Interest	Ring turnover
2295.00	2295.00	2290-90	2295-00	2295-40	14,200 lots	
Aluminium, 99.7% purity (8 per tonne)						
Close	Previous	High/Low	AM Official	Korb close	Open Interest	Ring turnover
1325.00	1325.00	1320-30	1325-00	1325-00	34,171 lots	
Copper, Grade A (8 per tonne)						
Close	Previous	High/Low	AM Official	Korb close	Open Interest	Ring turnover
1295.00	1295.00	1290-00	1295-00	1295-00	36,230 tonnes	
Copper, Grade B (8 per tonne)						
Close	Previous	High/Low	AM Official	Korb close	Open Interest	Ring turnover
1475.00	1475.00	1470-00	1475-00	1475-00	35 lots	
Silver (US certificate)						
Close	Previous	High/Low	AM Official	Korb close	Open Interest	Ring turnover
62.4	62.4	61.8-4	62.4	62.4	489 lots	
Lead (8 per tonne)						
Close	Previous	High/Low	AM Official	Korb close	Open Interest	Ring turnover
379.50	379.50	377.5-5.5	379.50	377.5-5.5	5,888 lots	
Zinc (8 per tonne)						
Close	Previous	High/Low	AM Official	Korb close	Open Interest	Ring turnover
1110.00	1110.00	1100-10	1110.00	1110.00	8,048 lots	
Zinc (8 per tonne)						
Close	Previous	High/Low	AM Official	Korb close	Open Interest	Ring turnover
1280.00	1280.00	1275-7	1280.00	1280.00	17,775 lots	
NICKEL (8 per tonne)						
Close	Previous	High/Low	AM Official	Korb close	Open Interest	Ring turnover
108.0	108.0	107.5-7.5	108.0	107.5-7.5	67.0 lots	
SOYABEAN MEAL (8 per tonne)						
Close	Previous	High/Low	AM Official	Korb close	Open Interest	Ring turnover
195.00	195.00	194.00-00	195.00	194.00-00	1,175 lots	
SOYABEAN OIL (8 per tonne)						
Close	Previous	High/Low	AM Official	Korb close	Open Interest	Ring turnover
110.00	110.00	109.00-00	110.00	109.00-00	1,175 lots	
WHEAT (8 per tonne)						
Close	Previous	High/Low	AM Official	Korb close	Open Interest	Ring turnover
148.00	148.00	147.00-00	148.00	147.00-00	1,175 lots	
WHEAT (8 per tonne)						
Close	Previous	High/Low	AM Official	Korb close	Open Interest	Ring turnover
148.00	148.00	147.00-00	148.00	147.00-00	1,175 lots	

US METAL MARKETS

THE METAL markets showed no significant features except that trading followed the crude market reports. Drexel Burnham Lambert. Prices were mixed but there was no major changes to report. Copper appeared to be the most active metal advancing 250 points. Trade and technical buying along with commission house short covering forced prices higher. In the grain markets, we can report no damaging frost and warmer temperatures. Soybeans fell 10 on news of some crop estimates. Corn was followed by wheat and soybeans. Overseas buying in the wheat kept prices strong. The meat markets were again quiet. Coffee was up over 100 as the trade entered the market. Cocoa remained fairly active as commission house short covering is still taking place. Sugar lost 7 with mostly local activity. In cotton trading switch activity followed the crude market to the spot. The pollen is collected by hand, and transferred to a special solution. The mixture is carried between the rows of				
NEW YORK				
GOLD 100 troy oz, \$403.25				
Close	Previous	High/Low	AM Official	Korb close
403.25	403.25	402.5-3.5	403.25	402.5-3.5
SILVER 100 troy oz, \$32.00				
Close	Previous	High/Low	AM Official	Korb close
32.00	32.00	31.8-0.2	32.00	31.8-0.2
PLATINUM 50 troy oz, \$750.00				
Close	Previous	High/Low	AM Official	Korb close
750.00	750.00	745-5	750.00	745-5
SILVER 6,000 troy oz, \$2,000.00				
Close	Previous	High/Low	AM Official	Korb close
2000.00	2000.00	1995-5	2000.00	1995-5
COPPER 100 troy oz, \$1.25				
Close	Previous	High/Low	AM Official	Korb close
1.25	1.25	1.24-6	1.25	1.24-6
ZINC 100 troy oz, \$1.25				
Close	Previous	High/Low	AM Official	Korb close
1.25	1.25	1.24-6	1.25	1.24-6
LEAD 100 troy oz, \$3.75				
Close	Previous	High/Low	AM Official	Korb close
3.75	3.75	3.74-0	3.75	3.74-0

CHICAGO

SOYABEANS 5,000 bu min, cents/bushel				
Close	Previous	High/Low	AM Official	Korb close
51.75	51.75	51.50-00	51.75	51.50-00
WHEAT 5,000 bu min, cents/bushel				
Close	Previous	High/Low	AM Official	Korb close
43.25	43.25	43.00-00	43.25	43.00-00
CORN 5,000 bu min, cents/bushel				
Close	Previous	High/Low	AM Official	Korb close
2.12	2.12	2.11-00	2.12	2.11-00

NEW YORK

GOLD 100 troy oz, \$403.25				
Close	Previous	High/Low	AM Official	Korb close
403.25	403.25	402.5-3.5	403.25	402.5-3.5
SILVER 100 troy oz, \$32.00				
Close	Previous	High/Low	AM Official	Korb close
32.00	32.00	31.8-0.2	32.00	31.8-0.2
PLATINUM 50 troy oz, \$750.00				
Close	Previous	High/Low	AM Official	Korb close
750.00	750.00	745-5	750.00	745-5
SILVER 6,000 troy oz, \$2,000.00				
Close	Previous	High/Low	AM Official	Korb close
2000.00	2000.00	1995-5	2000.00	1995-5
COPPER 100 troy oz, \$1.25				
Close	Previous	High/Low	AM Official	Korb close
1.25	1.25	1.24-6	1.25	1.24-6
ZINC 100 troy oz, \$1.25				
Close	Previous	High/Low	AM Official	Korb close
1.25	1.25	1.24-6	1.25	1.24-6
LEAD 100 troy oz, \$3.75				
Close	Previous			

Table of stock market data for Canada, including Toronto 2pm prices for October 6. Lists various stocks and their prices.

INDICES

Table of stock indices for New York, Dow Jones, and other markets. Includes columns for date, index value, and change.

CANADA

Table of stock market data for Canada, including Toronto 5pm prices for October 6. Lists various stocks and their prices.

NEW YORK ACTIVE STOCKS

Table of active stock prices in New York, including columns for stock name, price, and change.

TOKYO - Most Active Stocks

Table of most active stock prices in Tokyo, including columns for stock name, price, and change.

NEW YORK DOW JONES

Table of Dow Jones index data for New York, including columns for date, index value, and change.

TRADING ACTIVITY

Table of trading activity data, including columns for volume, price, and change.

SOUTH AFRICA

Table of stock market data for South Africa, including columns for stock name, price, and change.

FINANCIAL TIMES

Advertisement for Financial Times, including contact information and subscription details.

Advertisement for 'Have your F.T. hand delivered', including contact information and subscription details.

Table of stock market data for Austria, including columns for stock name, price, and change.

Table of stock market data for France, including columns for stock name, price, and change.

Table of stock market data for Germany, including columns for stock name, price, and change.

Table of stock market data for Italy, including columns for stock name, price, and change.

Table of stock market data for Sweden, including columns for stock name, price, and change.

Additional text at the bottom of the page, including small advertisements and notices.

4pm prices October 6

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Table containing New York Stock Exchange Composite Prices, listing various stocks and their prices. The table is organized into multiple columns, each representing a different sector or group of stocks. Each entry includes the stock name, a numerical price, and a change indicator (up/down/flat). The data is dense and covers a wide range of companies.

Continued on Page 45

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NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for 25 Month High, Low, and Close. Includes a 'Continued from previous page' note.

OVER-THE-COUNTER

Noting national market, 3pm prices October 6

Table of Over-the-Counter prices listing various stocks with columns for Bid, Ask, and Last. Includes a 'Continued from previous page' note.

These figures are official Yearly Highs and Lows... (Detailed explanation of the data columns and their significance.)

AMEX COMPOSITE PRICES

4pm prices October 6

Table of AMEX Composite Prices listing various stocks with columns for 25 Month High, Low, and Close.

Advertisement for 'Travelling on Business in the Netherlands?' featuring a list of hotels and the Financial Times logo.

Advertisement for 'BUSINESSMEN IN GERMANY' with contact information and the Financial Times logo.

AMERICA

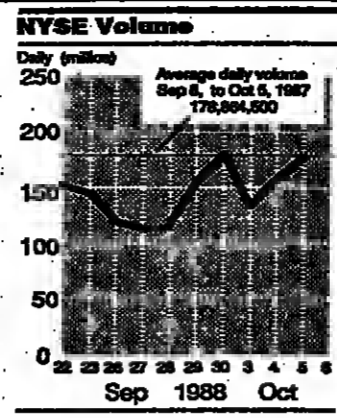
Dow stagnates in wait for figures

Wall Street
EQUITIES continued to hold in a narrow range yesterday, with no incentive for the market to make aggressive plays before today's scheduled release of September US unemployment figures, writes Janet Dash in New York.

growth last month after a somewhat subdued and drought-affected August.
Today's unemployment figures are the first hurdle. Expectations are for a strong set of figures including a rise in the non-farm payroll of near to 300,000 and a 0.1 per cent to 0.2 per cent in the unemployment rate in September.

Thursday of August trade figures are expected to show a widening in the deficit to perhaps \$11.5bn after the surprisingly encouraging \$5.5bn shortfall recorded in July.
Given these considerations, as well as a general sense of nervousness about the presidential election next month, there seems little prospect that the equity market will rise much above the present levels.

% on rumours that the company had received a proposal for a leveraged buy-out. It then closed unchanged at \$24 after news of a definitive merger agreement with US Health.
Damon rose 1/4 to \$24 1/2. The company urged its shareholders not to accept a \$24-a-share offer from Nomad Partners. It argued that Nomad's own financial advisers had put its worth at between \$29 a share and \$35 a share.



for its first quarter ended September 30.
Canada
STEADY gains throughout the day left Toronto sharply higher. Communications issues led the advance, together with real estate stocks and golds.

ASIA PACIFIC

Nikkei decline continues as buy orders peter out

Tokyo
AN ABSENCE of positive news meant the gloom in the equities market failed to lift, and share prices plunged again, writes Michiko Nakamoto in Tokyo.
The Nikkei average took a sharp downturn, leading 233.15 points to 27,172.34. The high of the day was at 27,395.79 but the low fell to 27,078.56. The TOPIX index of all listed shares fell 20.45 to 2,096.31.

before closing down Y5 at Y705. Daisie Construction is another company that has risen recently on speculative buying. Daisie rose to a record high of Y85 in morning trading, but like Nippon, fell back in the afternoon in heavy trading to close up Y10 at Y807.

at 1,516.3 on turnover of 77.22m shares worth A\$130.7m.
BTR Nylon was the feature among industrials, rising 18 cents to A\$8.40 after press commentators and analysts gave their approval to the takeover of New Zealand group Feltrax.

EUROPE

Corporate results help to keep interest alive

MOST of Europe ended higher yesterday, with corporate news and takeover talk helping to sustain interest, writes Our Markets Staff.
PARIS was active again on takeover speculation although profit-takers appeared yesterday in response to recent gains. The CAC General Index eased 0.3 to 382 and the OMI 50 index edged up 0.23 to 391.74.

week's fall in unemployment has also helped keep the market firm.
The DAX real-time index closed 9.33 points up at 1,361.63 and the FAZ index rose 2.33 points to 519.54. A total of DM2.9bn worth of German shares were traded.

Benedetti was the secret stakeholder in Interbanca were scotched yesterday when Mr Florio Fiorini said he had acquired 51 per cent of Interbanca through his Geneva-based holding company Sesa.
Analysis do not think the holding is an investment stake, and expect Mr Fiorini to sell it on when he finds a buyer at the right price.

STOCKHOLM reacted positively to the previous day's economic speech from Finance Minister Kjell-Olof Feldt, with the Affarsvarden index climbing 3, or 1 per cent, to 928.1.
Mr Feldt sprang no surprises, but did hint about measures to curb inflation and made clear that economic growth would be higher than previously forecast.

Vielle-Montagne, which reported it had returned to profit, rose BFR40 to BFR3,000.
AMSTERDAM was moderately active and most stocks registered gains, with the CBS index closing at its day's high of 100, up 0.2. The market was encouraged by the rise on Wall Street and a firmer dollar.
Strong demand lifted Gist-brocades, the biochemical company, B 3.50 to B 4.50, amid takeover rumours.

The external environment is healthy enough, given lower oil prices on top of stable currency exchange rates and interest rates. A bad market, however, will react to any bad news, said Mr Sachio Hori, vice president and general manager of the securities sales division of Goldman Sachs (Japan).

Roundup
YET ANOTHER poor day in Tokyo was shrugged off by Asia Pacific markets, which bounced back from the mid-week slump, with only Taiwan unable to stage a recovery.
AUSTRALIA moved ahead strongly after its recent depression, boosted by gains in New York and London. The 0.1 point rise in the rediscunt rate to 3.9 per cent had little effect on sentiment - the market had expected the rise and discounted its effects earlier in the week.

Electronic issues have been suffering losses for the past few days. Analysts say that investors anticipate corporate results in the sector to reach a peak in March of next year and then start to decline. Toshiba lost Y40 to Y1,360 in heavy trading and Sony fell Y80 to Y6,020.

TAIWAN continued its slide, with trading almost stagnant in its tracks because of the lack of buyers. The market has now fallen for seven consecutive days. The weighted index closed 157.66 down at 7,423.68 in pitifully low volume of 9.6m, compared with 142m shares on Wednesday.

Property shares advanced on reports that Singapore's rent control laws will soon be amended. The news lifted Singapore Land 30 cents to HK\$7.20.

SOUTH AFRICA
CONCERN over whether the price of bullion would hold above \$400 limited price rises yesterday in Johannesburg, but gold issues ended firmer overall. Consolidated Gold Fields, appealing to President Reagan to block a proposed takeover bid by Minarco, fell R3 to R26.

Takeover talk stimulates volumes

Turnover picked up in Europe last month, writes Hilary de Boerr

Takeover speculation helped shake European bourses from their summer sleep last month, pushing volumes back to respectable levels, especially in France and Belgium.
Rumours of stakebuilding, renewed bid battles and mystery buying proved a welcome injection; turnover soared by 70 per cent in Belgium, 63 per cent in France and 26 per cent in West Germany, according to provisional figures from County NatWest WoodMac.

Table with columns: Bourne, Month, and values for various European markets (Belgium, France, Germany, Italy, Netherlands, Spain, Switzerland) from Sept '88 to 1st qtr '89.

Belgium's place at the top of the list in terms of improved turnover last month is the result of good corporate earnings, stakebuilding and concomitant speculation. Unidentified buying in Tractebel, the energy and engineering holding company, took the stock and the market to new highs for the year.

FT-ACTUARIES WORLD INDICES

Large table showing FT-Actuaries World Indices for Thursday October 6 1988 and Wednesday October 5 1988. Columns include US Dollar Index, Pound Sterling Index, Local Currency Index, and Dollar Index (1988 High, 1988 Low, Year ago).

MORGAN GRENDFELL THE FIRST SIX MONTHS Gain in value Rank in sector American Growth +11.5% 18th out of 119 European Growth +12.1% 9th out of 102 International Growth + 2.6% 59th out of 167 UK Equity Income + 4.5% 7th out of 125 CALLFREE 0800 282465 UNIT TRUSTS